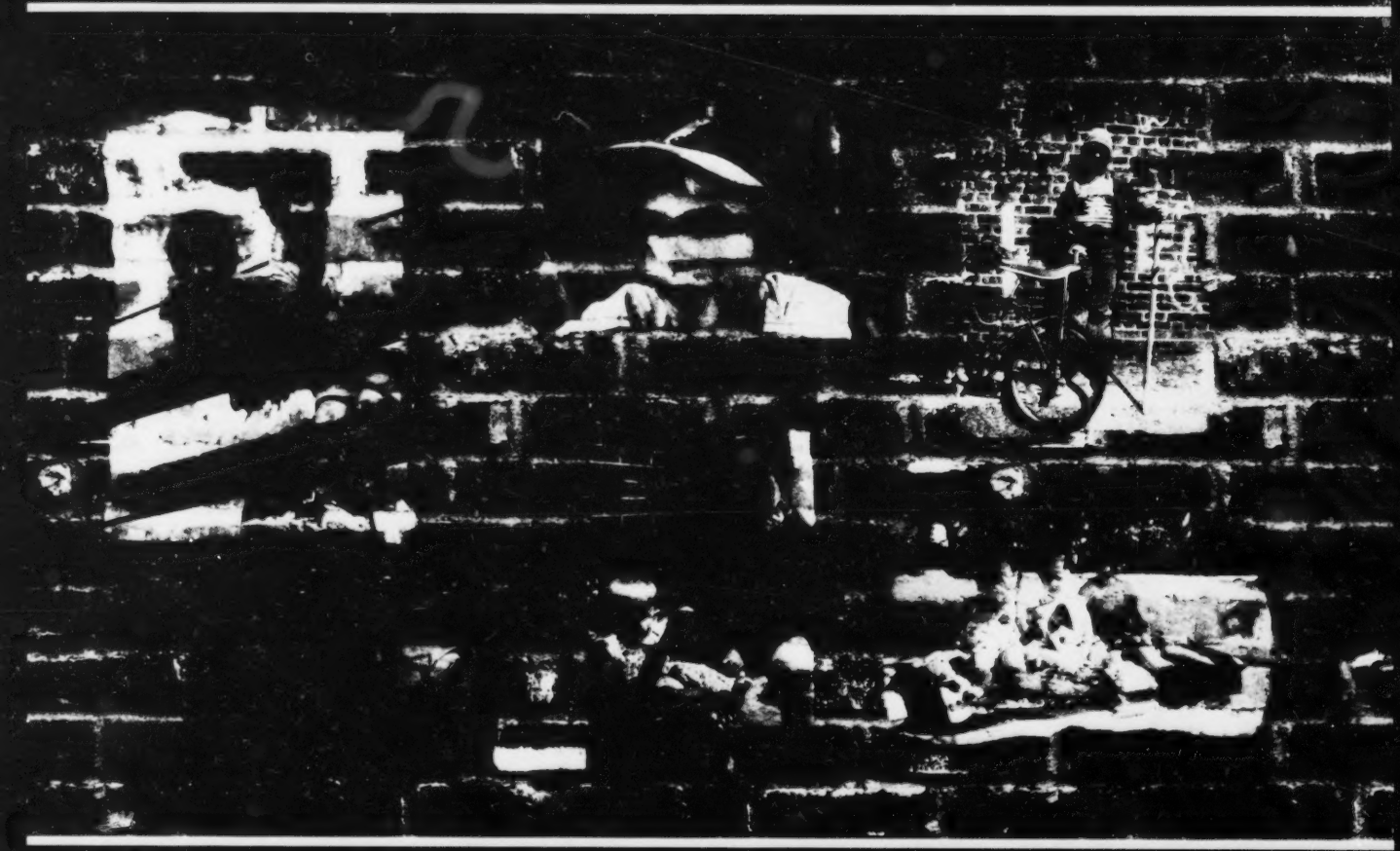
Income and Child Well-being

A New Perspective on the Poverty Debate



BY DAVID P. ROSS AND PAUL ROBERTS

CANADIAN COUNCIL ON SOCIAL DEVELOPMENT

Income and Child Well-being is published with the support of the Laidlaw Foundation.

The CCSD also wishes to thank the Social Development Partnerships Program of Human Resouces Development Canada for its ongoing support of the Council's research.

The Canadian Council on Social Development is a United Way member agency.

101-01071/

Income and Child Well-being:
A new perspective on the poverty debate

by David P. Ross and Paul Roberts

Canadian Council on Social Development, May 1999

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Canadian Cataloguing in Publication Data
Ross, David P.
Income and child well-being: a new perspective on the poverty debate

Also issued in French under title: *Le bien-être de l'enfant et le revenu familial.*
ISBN 0-88810-468-5

1. Child development – Canada. 2. Income – Canada. 3. Family – Economic aspects – Canada. 4. Poverty – Canada. 5. Quality of life – Canada. I. Roberts, Paul, 1962- II. Canadian Council on Social Development. III. Title.
HQ792.C3R67 1999 305.231'0971 C99-900544-8

Income and Child Well-being is published with the support of the Laidlaw Foundation. The CCSD also wishes to thank the Social Development Partnerships Program of Human Resources Development Canada for its ongoing support of the Council's research.

Cover design: Aubut & Nadeau Services Inc.
Printed on Canadian-made recycled paper.

Published by:
Canadian Council on Social Development
441 MacLaren, 4th Floor
Ottawa ON K2P 2H3
Tel: (613) 236-8977; fax: (613) 236-2750
E-mail: publications@ccsd.ca; Internet: www.ccsd.ca

Copies can also be obtained from Renouf Publishing:
Tel: (613) 745-2665; fax: (613) 745-7660

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ACKNOWLEDGEMENTS

The authors are grateful for the helpful advice and support received from their CCSD colleagues Ellen Adelberg, Louise Hanvey and Katherine Scott. Their knowledge of the subject and their ideas about how best to interpret and present the findings were invaluable.

We also wish to acknowledge the continuing interest and support provided by members of the Applied Research Branch at Human Resources Development Canada (HRDC) and by Statistics Canada's team on the National Longitudinal Survey of Children and Youth. In addition, the ongoing support of both the Laidlaw Foundation and the Social Development Partnerships Program at HRDC – without whose assistance this project could not have been completed – is deeply appreciated.

EXECUTIVE SUMMARY

Two significant events have occurred over the last few years in relation to the study and discussion of child well-being in Canada. The first was the release of new and important data in the National Longitudinal Survey of Children and Youth (NLSCY) and in the National Population Health Survey (NPHS). The second significant event has been the growing public debate about the meaning and measurement of poverty in Canada. Essentially, this debate is occurring between those who consider poverty to be grossly overestimated, and those who believe that poverty in Canada is, if anything, underestimated.

In carrying out the research for this report, it became clear to the authors that what we need in Canada is a new and realistic approach that will allow us to determine an appropriate poverty line. With this in mind, the authors have framed their research around the following question: What if producing healthy children was the main objective of anti-poverty efforts in Canada?

In Part I of this report, the authors examined 27 elements of child development including family functioning, neighbourhood safety, aggression, health status, math and vocabulary scores, and participation in sports or clubs. They found that the level of family income plays a crucial role in the child development process: in 80 per cent of the variables examined, the risks of negative child outcomes and the likelihood of poor living conditions were noticeably higher for children living in families with annual incomes below $30,000. This was also true for 50 per cent of the variables examined for children living in families with incomes below $40,000 per year.

For this analysis, the authors divided the child development process into six categories: family, community, behaviour, health, learning outcomes, and cultural and recreational participation.

Family

- Children in low-income families are twice as likely to be living in poorly functioning families as are children in high-income families.
- Nearly 35 per cent of children in low-income families live in substandard housing, compared to 15 per cent of children in high-income families.

Community

- More than one-quarter of children in low-income families live in problem neighbourhoods, compared to one-tenth of children in high-income families.

Behaviour

- Nearly 40 per cent of children living in low-income families demonstrate high levels of indirect aggression (such as starting fights with their peers or family members), compared to 29 per cent of children in families with incomes of $30,000 or more.

Health

- Children in low-income families are over 2½ times more likely than children in high-income families to have a problem with one or more basic abilities such as vision, hearing, speech or mobility.

Learning Outcomes

- More than 35 per cent of children in low-income families exhibit delayed vocabulary development, compared to around 10 per cent of children in higher-income families.

Cultural and Recreational Participation

- Almost three-quarters of children in low-income families rarely participate in organized sports, compared to one-quarter of children in high-income families.

In Part II of this report, the authors discuss the relationship between poverty lines and children's development. Much of the debate today concerns establishing the "correct" poverty line, but this not only diverts attention away from the plight of poor children and their families, it also ignores the question of why poverty lines should be set in the first place. This report attempts to define an unacceptable level of inequality among families – that is, one that fails to ensure roughly equal life chances for all children. The authors suggest that once the level at which children experience "poverty of opportunity" is determined, discussion can then focus on how best to change the circumstances so that children will have optimal chances of developing to their potential and becoming successful adults.

This report demonstrates that the level of income families need to maximize their children's chances of full development goes well beyond the amount needed for the basic provision of food, clothing and shelter. Based on their research, the authors suggest that an appropriate child poverty line should be set within the range of $30,000 to $40,000 for a family of four. This line is higher than any of those currently in use, such as the poverty line suggested by the Fraser Institute and higher than Statistics Canada's low income cut-off (LICO). It is also higher than a poverty line suggested by the general public in opinion polls, and it is well below the median income level in Canada.

In reviewing earnings trends over the past 25 years, the authors find that income inequality among families with children has gotten worse. In 1973, the poorest 20 per cent of families with children earned only 5.3 per cent of all market income – that is, earnings from employment and private investments. By 1996, their share had dropped to 2.3 per cent. Over the same period, the richest 20 per cent of families with children saw their share of market income rise from 38.4 per cent to 43.2 per cent. This income inequality among families lessened somewhat after adjustments were made for government income taxes and transfers such as welfare payments, unemployment insurance and child benefits, but the poorest families still received a significantly smaller share of the total family income in Canada than did families with the highest incomes.

With regard to family earnings, parents with low levels of education and skills are still lagging behind in employment and wages. Social benefits have fallen over the years, relative to increases in the cost of living, and certain groups – most notably young and single parents, people with disabilities and those belonging to ethnic minorities – face particular difficulties trying to earn enough money to raise their incomes above the LICO.

Having identified an income level that would allow families to provide reasonable opportunities for their children's development, and after reviewing the growing polarization of income, the authors then consider how public policies can best support the optimal development of children. While government transfers can help to redistribute some income to Canada's poorest children, they are not sufficient to overcome many of the difficulties faced by families with children, such as poor housing and family conditions.

And transfers are not the only anti-poverty strategy that can be adopted, the authors emphasize. Ideally, increased transfers should be accompanied by efforts to increase families' economic self-reliance. This could be accomplished by providing educational and training opportunities, housing assistance, child care, and workplace assistance to people with disabilities, as well as by promoting job flexibility and more family-friendly workplaces. The authors claim that by positively and proactively supporting families to generate more earnings, these measures will reduce the need for straight income transfers.

Introduction

TWO SIGNIFICANT EVENTS HAVE OCCURRED OVER THE LAST FEW YEARS in relation to the study and discussion of child well-being in Canada. The first was the release of new and important data contained in two national surveys – the National Longitudinal Survey of Children and Youth (NLSCY) and the National Population Health Survey (NPHS).[1] These fresh and original data sources have greatly expanded our knowledge about the conditions in which our children live. The data have also provided us with the means to create new measures of children's well-being.[2]

The second significant event is the ongoing debate about the meaning and measurement of poverty in Canada. Reduced to its most essential elements, this debate pits those who consider poverty to be grossly over-estimated, against those who argue that poverty in Canada is, if anything, underestimated.[3] In carrying out the research for this report, it has become clear to us that what is needed is a new and realistic approach to help determine an appropriate poverty level. And where better to start than with the well-being of children and the concept of "poverty of opportunity?"

This report began as a simple exercise to explore the extent to which family income affects the child development process. While many people have acknowledged that family income can aid or hinder children's outcomes, data from the NLSCY and the NPHS now provide a much more detailed picture of this relationship. After examining child outcomes and the formative living conditions of children, we found that there were clear links between family income and 27 different factors that are critical to child well-being.

While preparing the report, however, we became increasingly concerned about the growing debate over the definition of poverty in Canada. The material in this report provides additional information about the connection between low income and children's well-being – information that until now, no one has discussed in relation to establishing the "proper" poverty line. What if producing healthy children was the central objective of anti-poverty efforts? It would mean that far more would have to be taken into consideration beyond simply providing the "basic necessities" of life – typically identified as minimum levels of food, clothing and shelter.

Information generated by these surveys clearly illustrates how income levels are strongly associated with factors that are critical to the well-being of children, and the data demonstrate how the likelihood of good child development increases with family income. This information can, and should, be used to inform the ongoing poverty debate by identifying what can be reasonably expected in terms of child well-being when the poverty line is set at different income levels, and takes into account the current structure of social programs and services available to families.

Part I of this report graphically documents the relationship between family income levels and 27 factors that are critical to healthy child development, including behaviour, learning, health status, engagement in cultural, recreational and social activities, and specific living conditions within the

family and the community. The report also touches on the effects of these 27 factors on the child development process.

In Part II of the report, we discuss how this knowledge can be used to broaden and inform the poverty debate, and we introduce a concept we call "poverty of opportunity." We believe that the objective of anti-poverty efforts and measures should be to reduce the enormous inequality of opportunity documented in Part I, particularly as it relates to family income levels. In our research, we found that in 80 per cent of the factors examined, child outcomes improved substantially as annual family income rose towards $30,000. In 50 per cent of the factors examined, this trend continued steadily as family income rose to $40,000. Beyond this income level, there continued to be some improvement in child outcomes for all the factors examined, but the rate of change was not as substantial as was seen at the lower income ranges.

To improve the likelihood that all of Canada's children could develop to their full potential, our findings indicate that we would need to establish a floor for income inequality in the $30,000 to $40,000 range for a family of four. As well, we should consider how to improve access to the public and private services that are necessary for healthy child development, but that are not currently available to low-income families. The appropriate solution may involve a combination of income enhancement and improved public services.

Statistics Canada's low income cut-off (LICO) and other measures being proposed to replace the LICO as an indicator of poverty consistently fall below the $30,000 income threshold for a family of four. At the same time, access to public services in Canada is being reduced or privatised. It is time to reconsider the poverty debate in light of this new evidence that children suffer as family incomes fall. At the moment, low-income families are being hit hard from two directions – a movement to reduce poverty lines, which may lead to a further tightening of assistance levels in many social programs, and the need for all parents to try to make do with less as their incomes stagnate while the costs of goods and services for their children rise.

Part I: Family Income and Children's Development

FOR THE FIRST TIME IN CANADA, there is abundant and compelling evidence that a wide range of child outcomes and living conditions are affected by family income levels.[4] Using data from two new longitudinal surveys – the National Longitudinal Survey of Children and Youth (NLSCY) and the National Population Health Survey (NPHS)[5] – this report examines the links between family income and 27 variables that measure child outcomes and the living conditions in families and neighbourhoods. In each case, children living in families with lower incomes are found to be at a greater risk of experiencing negative outcomes and poor living conditions than those in higher-income families. It is also evident from these data that child outcomes and living conditions improve gradually as family incomes rise. There is no magic income cut-off point below which children fail to thrive, and above which they uniformly succeed.

Children's development is complex, and many environmental factors – including their family, their home and their community – influence the process. Children begin with their own basic genetic make-up, but along the way, environmental influences enhance or detract from their ability to optimize their potential. In this section of the report, the influences of family, housing and community are examined in relation to the risks of poor outcomes for children. Each is assessed in relation to family income levels. (Please note: This study focuses on two-parent families only, and it uses income ranges, not precise income levels. Please refer to the Technical Notes on page 43 for further details.)

Children's Environments

Family

Particularly in early life, children need secure attachments to nurturing adults who can provide consistent, caring support and affection. Research emphasizes that family stability and close and supportive relationships provide the most important protection for children against poor developmental outcomes. As the child's primary social network, parents and other family members play a crucial role in teaching them how to develop and use effective coping strategies.[6]

The following characteristics of families illustrate that, as incomes increase, environmental risks to children decrease. Several of the family environment factors examined here focus on the parents: how many of them are depressed, how many suffered stressful events in their own childhood, how many feel chronically stressed, and how many smoke. We also consider the correlation between income and other family-related factors such as how frequently the family moves and thus causes the child to change schools, the state of the family's housing, and the availability of computers in the home.

Family functioning

To assess how well families function, a score is determined by combining parents' answers to questions on the NLSCY about interactions among family members. These questions included:

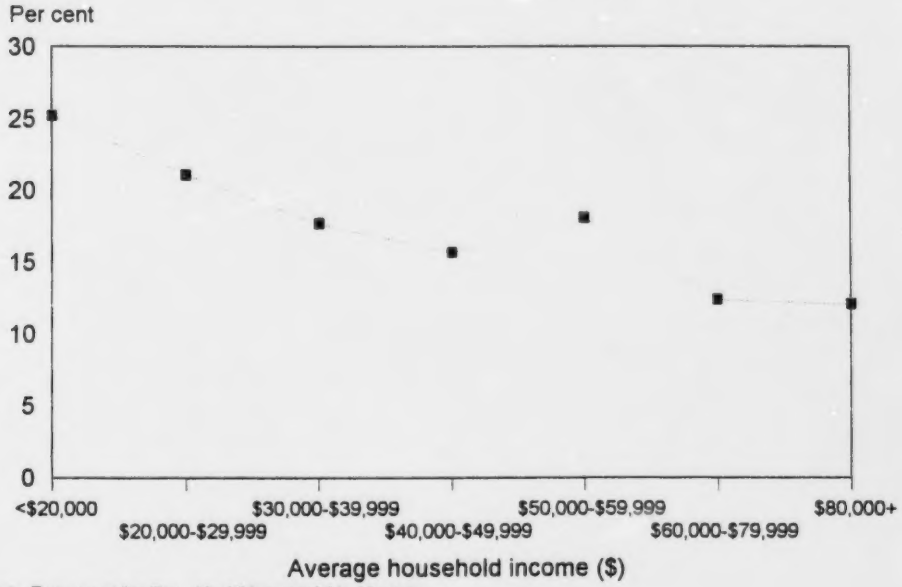
- Do you avoid discussing sadness, fear or concerns with your children?
- Do family members get along?
- Are there lots of bad feelings in the family?
- Is drinking a source of tension in the family?

Research has shown that families that score well on such family functioning tests are most likely to nurture children who are able to get along well with others and succeed in school, and such families are least likely to produce children with mental health disorders and aggressive, anti-social behaviours.[7]

Chart 1 shows that children in low-income families are twice as likely to be living in poorly functioning families as children in high-income families. The incidence of poor family functioning decreases steadily as family incomes rise from under $20,000 to $50,000. The incidence of poor family functioning then rises slightly and drops again as incomes exceed $60,000. (For the precise percentage values in all the charts, please see the Appendix on page 46.)

Chart 1

Children living in low-functioning families

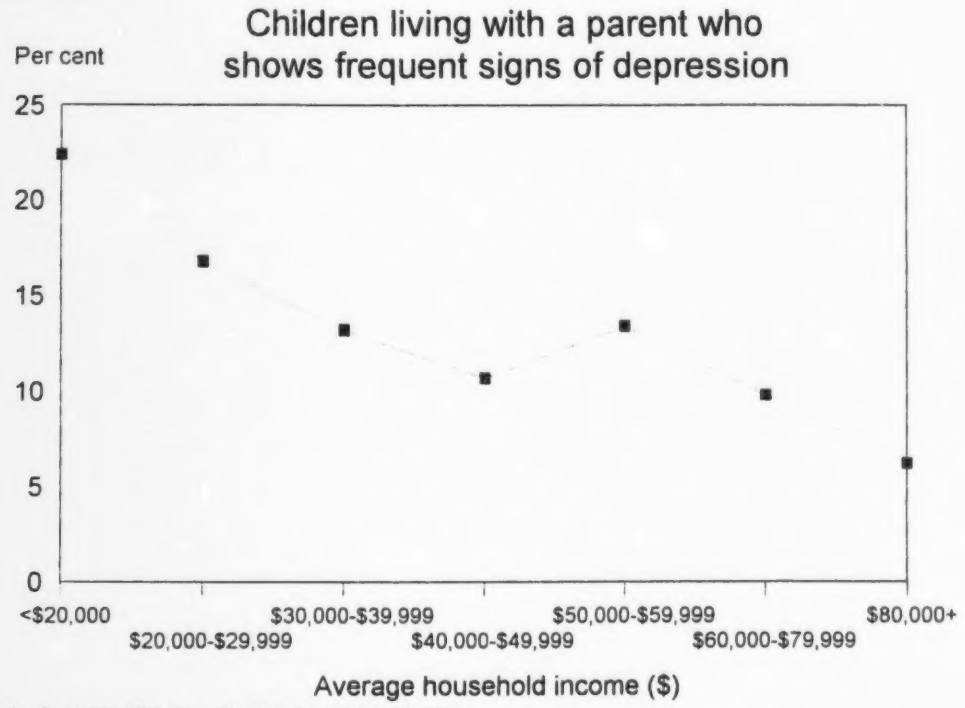


Note: Two-parent families with children aged 4 to 11 years.
Source: Prepared by the Canadian Council on Social Development using Statistics Canada's National Longitudinal Survey of Children and Youth, 1994-95 microdata.

Parental depression

Living with a parent who is depressed is extremely difficult. Research has shown that children whose parents are depressed are more likely to have problems relating to others, to have emotional and conduct disorders, and to have problems with substance abuse than children whose parents are not depressed.[8] As illustrated in Chart 2, children in low-income families are over three times more likely to be living with a parent who exhibits frequent signs of depression than are children in high-income families.[9]

Chart 2



Note: Two-parent families with children aged 4 to 11 years.

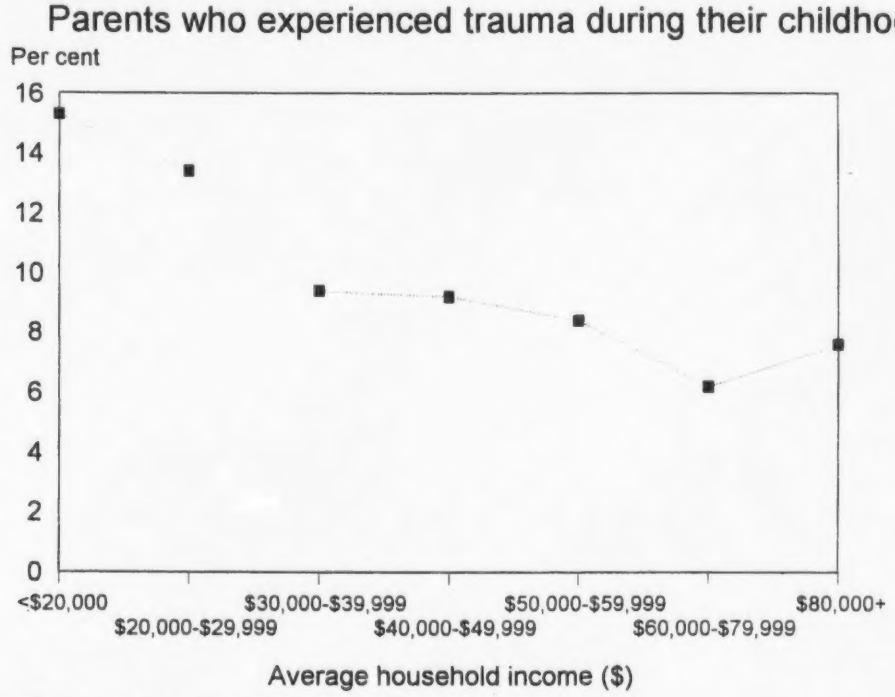
Source: Prepared by the Canadian Council on Social Development using Statistics Canada's National Longitudinal Survey of Children and Youth, 1994-95 microdata.

Parents who experienced trauma during their childhood

A parent's ability to nurture their children and to earn a good living is affected by the type of childhood they themselves experienced. It is known, for example, that abusive parents were often victims of abuse during their own early years. Research has also shown that parents who were raised in families with multiple problems frequently have difficulty managing stress once they have their own children.[10]

Chart 3 shows that low-income parents are twice as likely as those with high incomes to have experienced childhood traumas such as their parents' divorce, alcohol or drug abuse, physical abuse, or expulsion from the home for misbehaviour.[11] Nearly 16 per cent of low-income parents experienced childhood trauma, compared to less than eight per cent of high-income parents. The result is that children in low-income families are at a greater risk than those in high-income families of growing up with parents who themselves suffered childhood trauma.

Chart 3



Note: Two-parent families with children aged 11 years or younger.

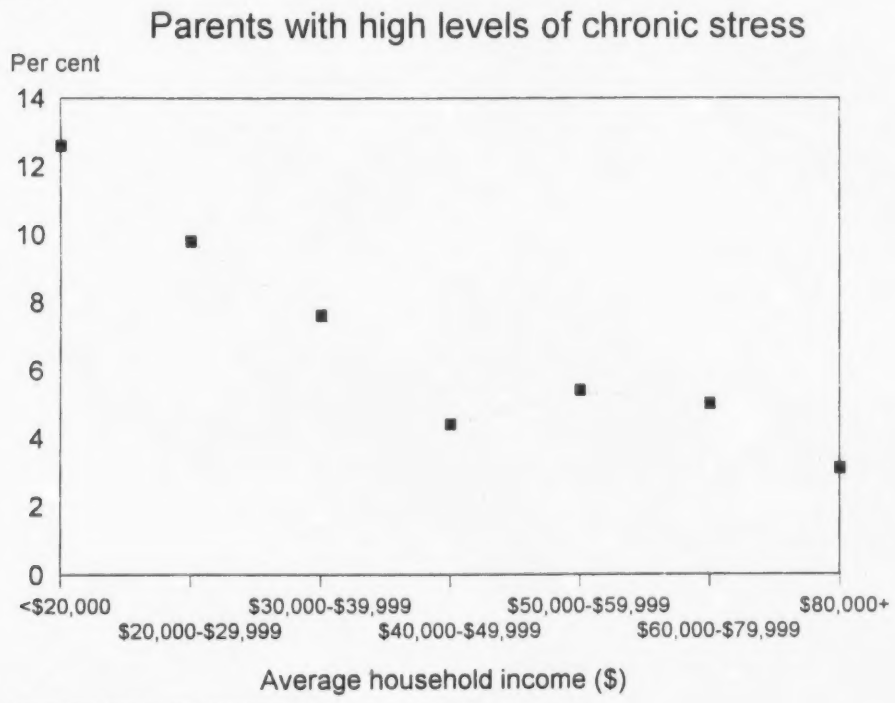
Source: Prepared by the Canadian Council on Social Development using Statistics Canada's National Population Health Survey, 1994-95 microdata.

Chronic stress

Parents experiencing chronic stress are far more likely to be distracted, hostile and abusive towards their children than are parents who feel happy and in control of their lives. It has also been found that adolescents living with chronically stressed parents are more likely than other youth to have emotional and behavioural problems.[12] The types of stressors reported by parents included: a family member with an alcohol or drug problem; a relative in very bad health; not having enough money to buy household essentials; and feeling that unrealistic expectations were being placed on their time and abilities. Chronic stress can also lead parents to feel depressed and anxious.

As Chart 4 shows, low-income parents are four times more likely to feel chronically stressed than parents with high incomes. The chart represents parents whose stress levels were among the highest 10 per cent reported by all parents. The results show that the proportion of parents with these high stress levels decreases sharply as family incomes rise from under $20,000 to $50,000. The proportion then levels off, and falls gradually again among the highest-income earners.

Chart 4



Note: Two-parent families with children aged 11 years or younger.

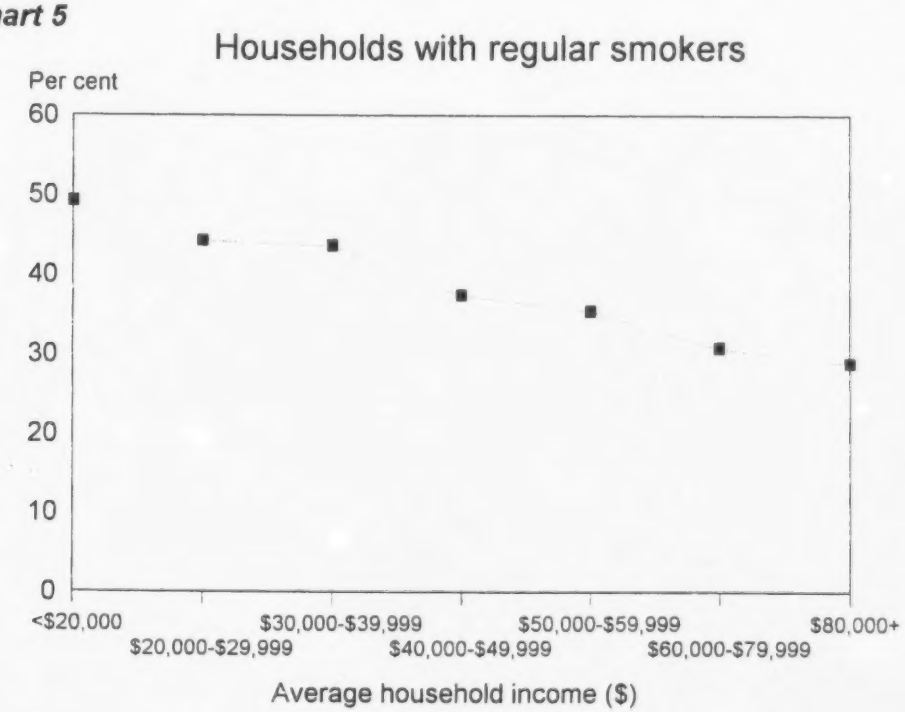
Source: Prepared by the Canadian Council on Social Development using Statistics Canada's National Population Health Survey, 1994-95 microdata.

Exposure to adult smokers in the home

Children who are exposed to environmental tobacco smoke have a greater likelihood of experiencing acute and chronic respiratory illnesses, including asthma, pneumonia and bronchitis. They are also at a greater risk of having impaired lung functioning and they are more than three times as likely to suffer chronic middle ear infections than other children.[13]

Chart 5 shows that children in low-income households are almost twice as likely as children in high-income homes to live with smokers. Half of low-income households contain at least one adult who smokes regularly, while less than 30 per cent of high-income households have regular smokers.

Chart 5



Note: Two-parent families with children aged 11 years or younger.

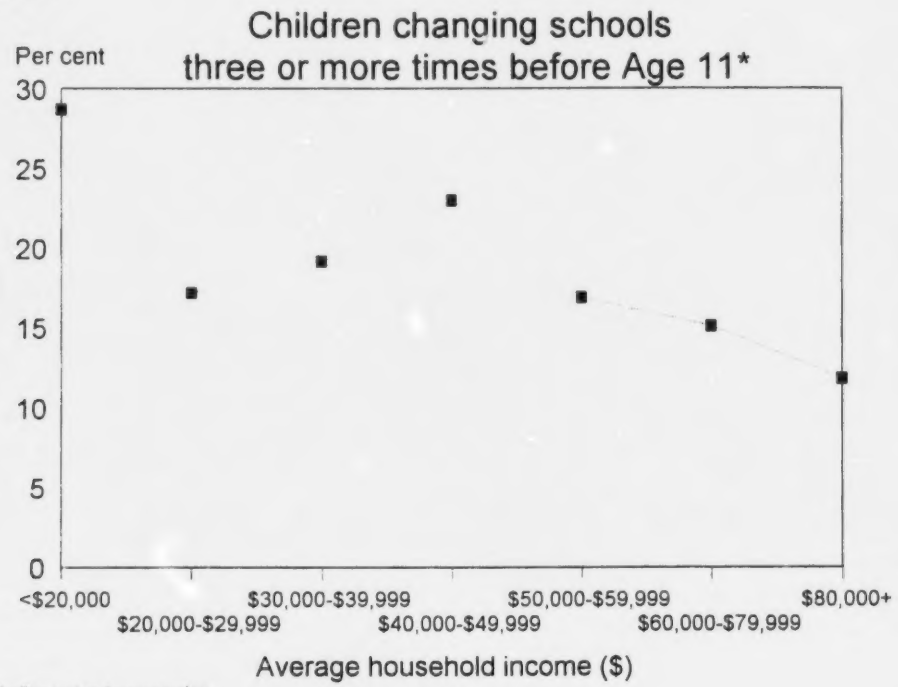
Source: Prepared by the Canadian Council on Social Development using Statistics Canada's National Population Health Survey, 1994-95 mircodata.

Frequent school changes

Children who frequently change schools have lower math scores, more grade failures and higher levels of behavioural problems than children who stay in the same school for several years.[14] The need to change schools frequently can be a symptom of other stressful family conditions such as a family break-up, parents losing or frequently changing jobs, and pressures to move in order to find more suitable or affordable housing. Children living with mothers who are single parents, poor, have low levels of education, or are in poor mental health are more likely than other children to change schools frequently.[15]

Chart 6 tracks the proportion of children who have changed schools at least three times before they were 11 years of age. Almost one-third of children in low-income families have changed school this frequently, compared to slightly over 10 per cent of children in high-income families. The chart also shows that the likelihood of a child frequently changing schools drops significantly for families with income below $30,000, then rises to just under 25 per cent until the household income exceeds $50,000, after which it drops steadily as family incomes increase.

Chart 6



* excluding natural progression

Note: Two-parent families with children aged 4 to 11 years.

Source: Prepared by the Canadian Council on Social Development using Statistics Canada's National Longitudinal Survey of Children and Youth, 1994-95 microdata.

Living in substandard housing

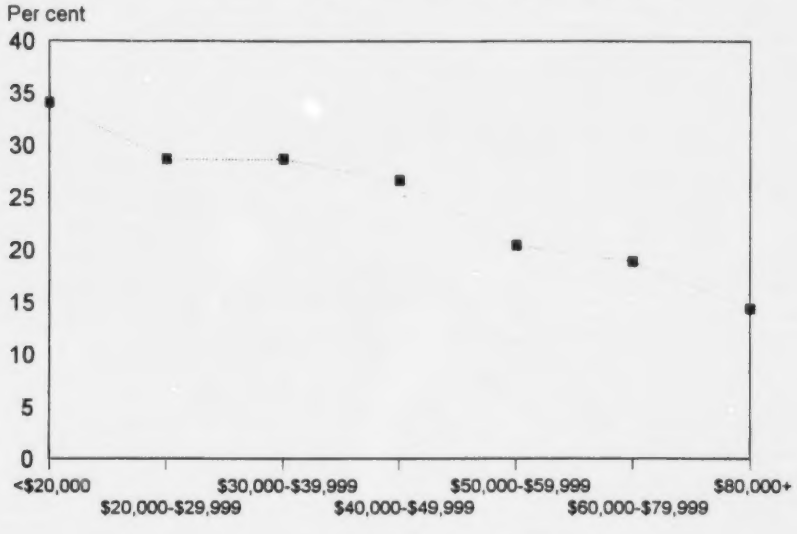
Living in substandard housing can exacerbate the living conditions essential to good child development.[16] For example, there are often problems with indoor air quality in substandard homes. Contaminants such as moulds, lead, and asbestos are found more frequently in poor housing. These substances place children at risk of acute and chronic respiratory problems. Old furnishings, especially carpets, may contain large concentrations of lead, pesticides and other toxic chemicals. Poor housing can also develop chronic cockroach infestations which carry potent allergens, and insecticides to treat the infestation may also be problematic.[17] Substandard housing is frequently located in crowded inner cities, near major traffic arteries.

Children living in these areas risk higher exposure to benzene, a known carcinogen found in gasoline and automobile exhaust fumes. In addition to exacerbating children's physical health problems, substandard housing can also harm their emotional health and family functioning, provide distracting and uncomfortable conditions in which they must carry out their school assignments, and be unsuitable for their play and social activities.

Chart 7 shows that children in low-income families are more than twice as likely to live in substandard housing as children in high-income families. Nearly 35 per cent of children in low-income households live in substandard housing, compared to 15 per cent of children in high-income families.

Chart 7

Children living in substandard housing



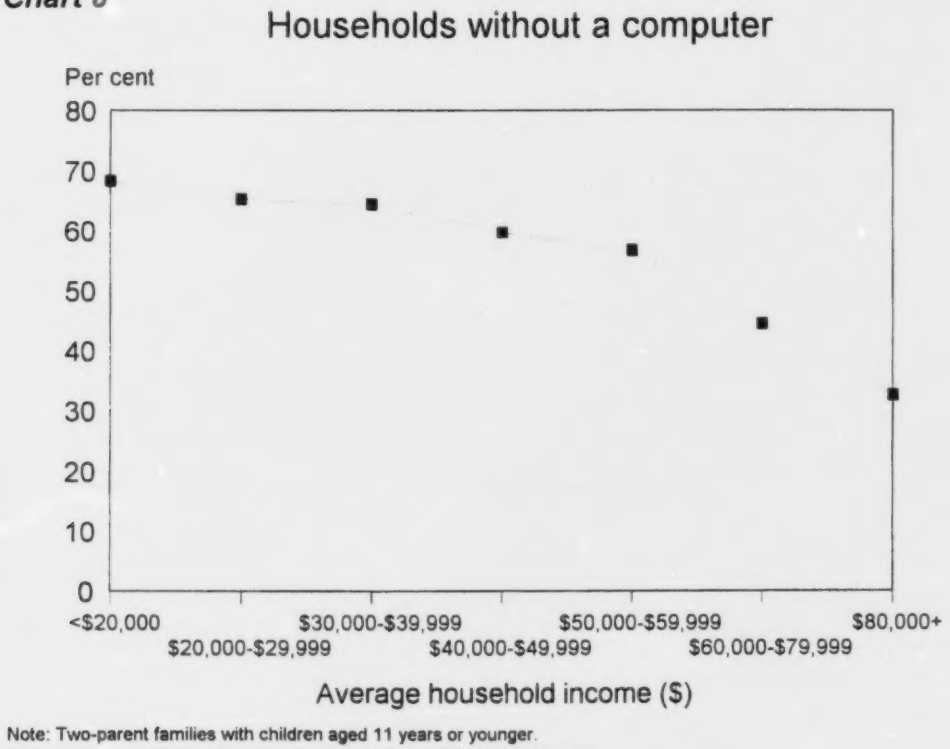
Note: Two-parent families with children aged 4 to 11 years.
Source: Prepared by the Canadian Council on Social Development using Statistics Canada's National Longitudinal Survey of Children and Youth, 1994-95 microdata.

Access to a home computer

With the burgeoning use of computer technology in everyday living, a child's familiarity with computers is becoming an essential skill. Even a decade ago, home computers were considered to be a luxury. Today, however, the proportion of Canadian homes with computers is growing rapidly, and people rely on them for communications, access to information, bookkeeping and writing, among other activities. Children who do not have access to a computer in their home are less likely to acquire the technological skills they will need when they enter the labour market.

Chart 8 shows that less than one-third of children in low-income families have a computer in their home, compared to more than two-thirds of children in high-income homes.

Chart 8



Note: Two-parent families with children aged 11 years or younger.
Source: Prepared by the Canadian Council on Social Development using Statistics Canada's Household Income Facilities and Equipment, 1996 microdata.

Community

The quality of life in neighbourhoods and the safety of the physical environment are critical to healthy child development. Within the community, children can interact with their peers and with adults who can help them develop trust, autonomy and initiative. Communities provide a context where shared values and expectations are developed, and they are host to networks of formal and informal services in health, education, social services, housing and recreation.

Neighbourhoods that offer child safety, social support and access to good facilities can contribute positively to children's readiness to learn as they enter school and to their achievements in school. Research has found that children who live in neighbourhoods that are unsafe or that lack services face greater risks of developing problem behaviours such as hyperactivity, aggression or withdrawal, regardless of the quality of their family life.[18]

Three aspects of neighbourhood life are examined here: problem neighbourhoods, unsafe neighbourhoods, and unfriendly neighbourhoods.

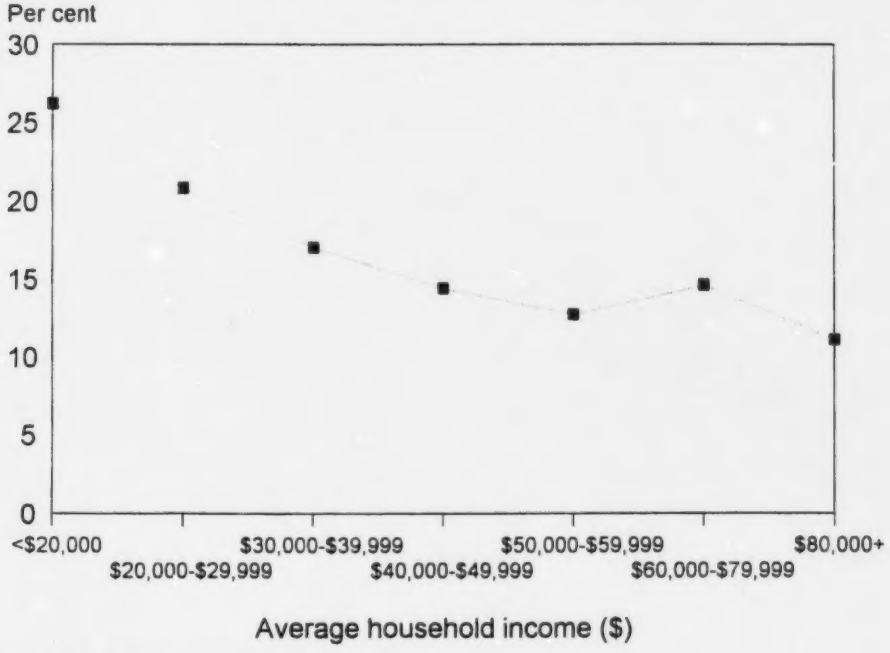
Problem neighbourhoods

Problem neighbourhoods are defined in the NLSCY as those where negative activities occur, such as drug use and drug dealing, excessive public drinking, burglaries, unrest due to ethnic or religious differences, neighbourhoods where groups of young people cause trouble, and where garbage and broken glass litter the streets. These problems can directly affect a child's development if the child becomes involved in the destructive activities, or the child can be indirectly affected by being exposed to anti-social behaviour and vandalism.

The vast majority of families report living in non-problem neighbourhoods. However, as Chart 9 shows, more than one-quarter of children in low-income families live in neighbourhoods with at least one problem activity, compared to about one-tenth of children in high-income families.

Chart 9

Children living in problem neighbourhoods



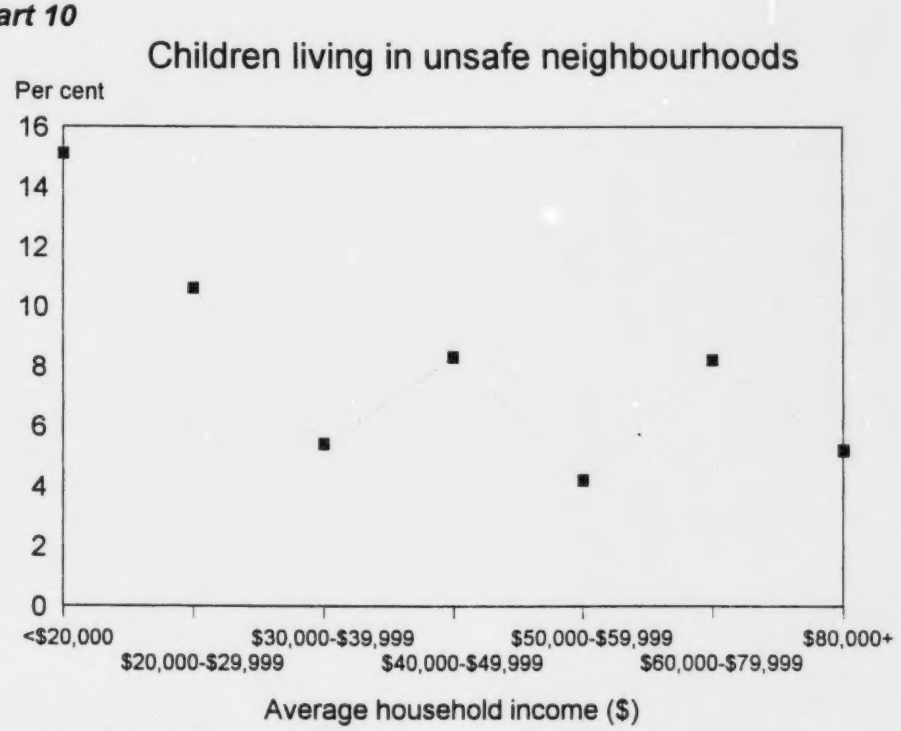
Note: Two-parent families with children aged 4 to 11 years.
Source: Prepared by the Canadian Council on Social Development using Statistics Canada's National Longitudinal Survey of Children and Youth, 1994-95 microdata.

Neighbourhood safety

If parents consider their neighbourhoods to be unsafe, they are unlikely to allow their children to play on the street or in local parks. This restricts children's abilities to form friendships and to develop good social skills. Chart 10 shows that about 15 per cent of children in low-income families live in neighbourhoods which their parents consider to be somewhat unsafe, compared to only eight per cent or less of children in families with incomes of $50,000 or more.

The kinds of factors used to identify neighbourhood safety were whether or not parents felt it was safe to walk alone after dark and whether or not it was safe for children to play outside or in local parks and playgrounds during the day.

Chart 10



Note: Two-parent families with children aged 4 to 11 years.

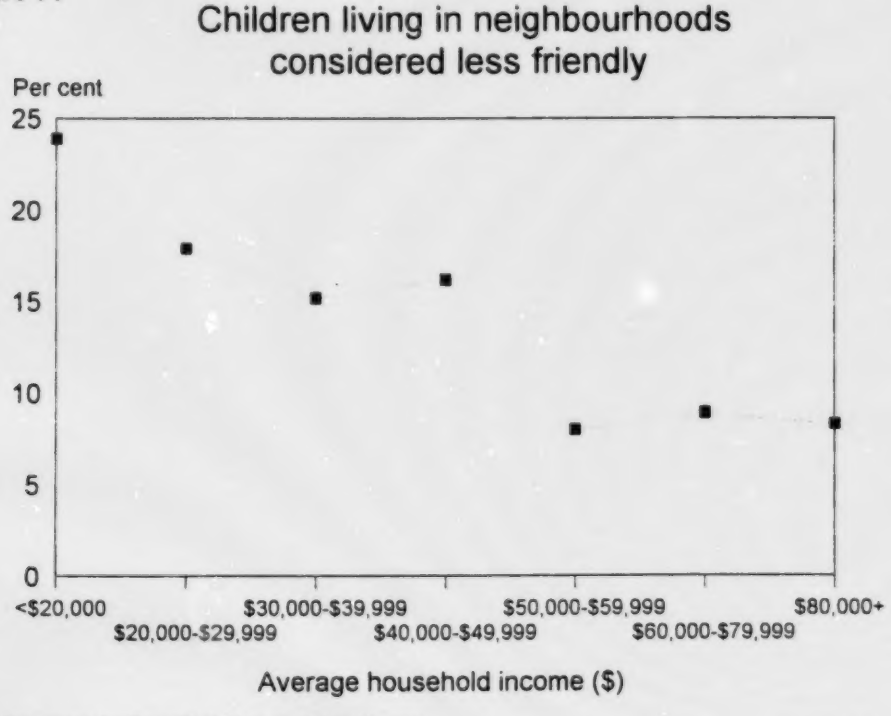
Source: Prepared by the Canadian Council on Social Development using Statistics Canada's National Longitudinal Survey of Children and Youth, 1994-95 microdata.

Friendly, helpful neighbours

Another measure of the quality of neighbourhood life is how friendly and helpful people act towards their neighbours. Children can learn positive social skills in supportive neighbourhoods. Conversely, they can learn negative behaviours in neighbourhoods where people do not look out for or help each other.

Again, the data show that children in low-income families are less likely to have friendly, helpful neighbours than children in families with higher incomes. Chart 11 shows that 25 per cent of children in low-income families lived in neighbourhoods where their parents expressed reservations about the helpfulness and friendliness of their neighbours, compared to slightly less than 10 per cent of children in high-income families.

Chart 11



Note: Two-parent families with children aged 4 to 11 years.
Source: Prepared by the Canadian Council on Social Development using Statistics Canada's National Longitudinal Survey of Children and Youth, 1994-95 microdata.

Child Outcomes

In this section of the report, children's development in four main areas is reviewed in relation to their family incomes: behaviour, health, learning, and cultural and recreational participation.

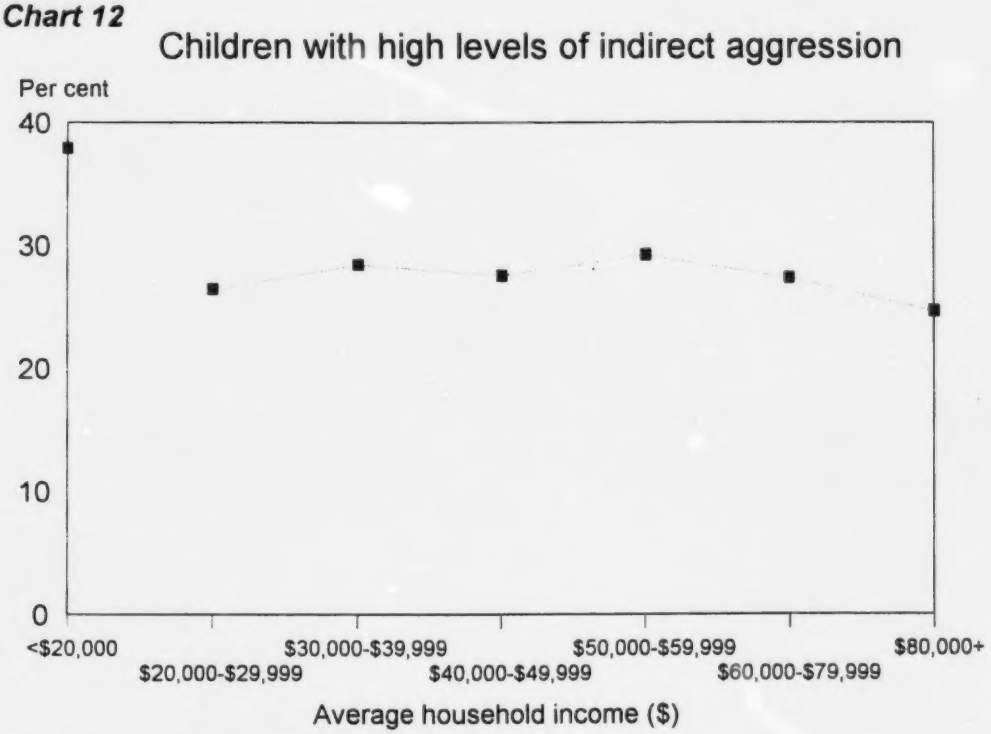
Behaviour

To succeed in later life, children need to develop good social skills and learn positive ways of interaction while they are young. This is a learned process, shaped in part by the child's temperament, and also significantly affected by the adults and peers with whom the child relates. Evidence of negative behaviours, such as those identified below, are strong indicators that a child is headed for trouble, if not immediately, then possibly in their teen or adult years. These antisocial behaviours commonly lead to difficulties in school, the workplace or the home, and they place the child at risk of coming into conflict with the law at some point. All of the information for these behavioural outcomes is drawn from the 1994 cycle of the NLSCY and is based on responses provided by the child's parent – in most cases, the mother.

Indirect aggression

Commonly known as "troublemakers," children who are indirectly aggressive tend to instigate fights and conflicts among their peers or family members. Chart 12 shows the proportions of children in families at different income levels who demonstrate high levels of indirect aggression. The measurement of indirect aggression is based on parents' responses to questions in the NLSCY about specific behaviours, including how frequently their child encourages others to dislike or exclude someone, and how often their child says bad things behind another child's back. As Chart 12 shows, nearly 40 per cent of children in low-income families demonstrate high levels of indirect aggression, compared to 25 to 29 per cent of children in families whose incomes are $30,000 or higher.[19]

Chart 12



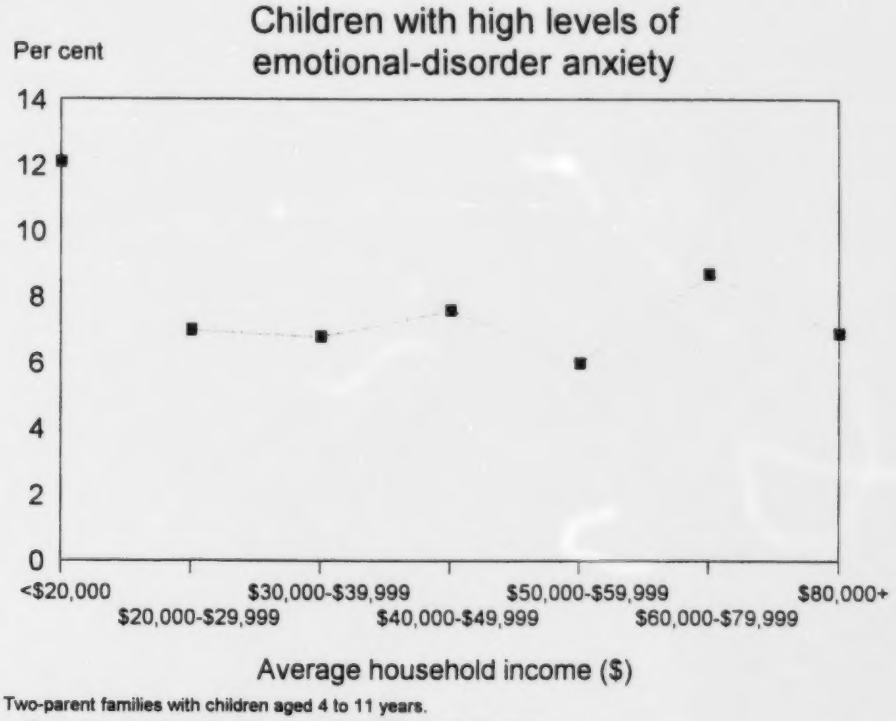
Note: Two-parent families with children aged 4 to 11 years.

Source: Prepared by the Canadian Council on Social Development using Statistics Canada's National Longitudinal Survey of Children and Youth, 1994-95 microdata.

Emotional problems

Children who frequently exhibit feelings or behaviours such as sadness or depression, fear, anxiety, worrying, crying, acting distressed, having trouble enjoying themselves, or being high-strung have emotional problems – referred to by psychologists as emotional-disorder anxiety. These emotional problems are likely to inhibit the children from developing to their full potential. As Chart 13 shows, children in low-income families are almost twice as likely to suffer from high levels of emotional-disorder anxiety as are children whose family incomes are $30,000 or greater.[20]

Chart 13



Note: Two-parent families with children aged 4 to 11 years.

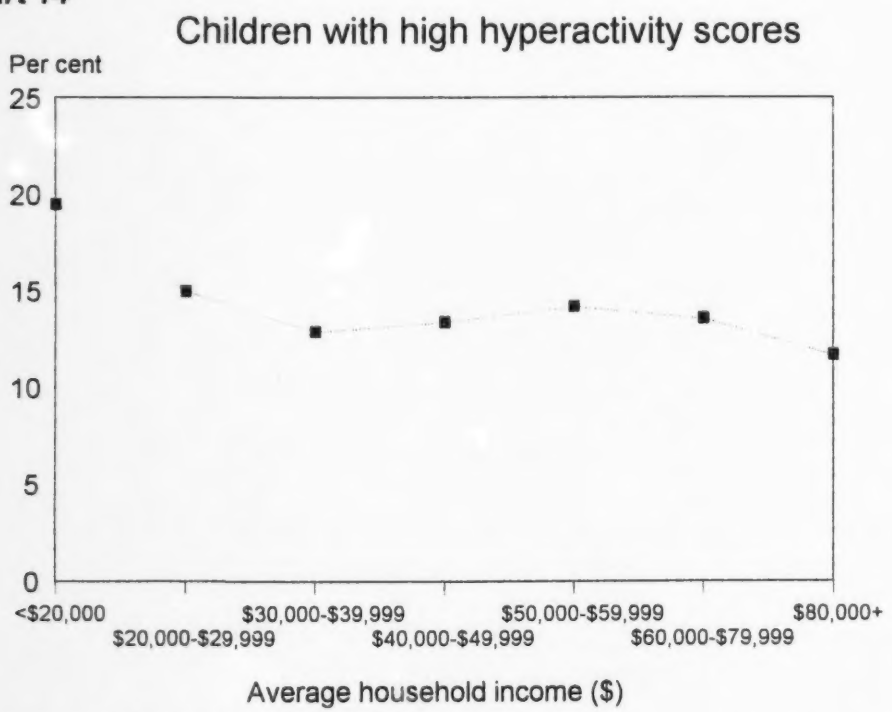
Source: Prepared by the Canadian Council on Social Development using Statistics Canada's National Longitudinal Survey of Children and Youth, 1994-95 microdata.

Hyperactivity and inattention

When children are hyperactive and have short attention spans, their ability to learn or to relate well to others is harmed. Children were identified in the NLSCY as having such problems if they were frequently unable to sit still, they were easily distracted, restless, had trouble sticking to an activity or concentrating, fidgeted, acted impulsively, or could not wait their turn during games or group activities.

Chart 14 shows that 20 per cent of children in low-income families had the worst scores – that is, they ranked in the top 15 per cent in terms of hyperactivity and inattention – compared to about 12 per cent of children in high-income families with such scores.[21] The proportion of children exhibiting these high hyperactivity scores drops steadily as family incomes rise from under $20,000 to $40,000, then the scores level off and drop again once family incomes exceed $60,000.

Chart 14

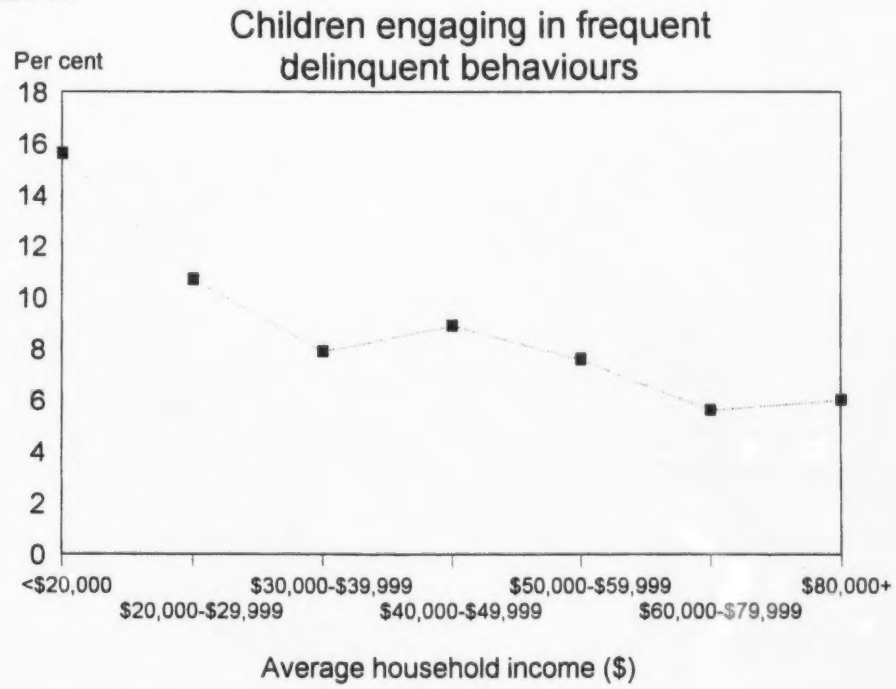


Note: Two-parent families with children aged 4 to 11 years.
Source: Prepared by the Canadian Council on Social Development using Statistics Canada's National Longitudinal Survey of Children and Youth, 1994-95 microdata.

Delinquent behaviours

Certain negative behaviours among children are precursors of what may become criminal activities as they grow older. These behaviours include lying and cheating, destroying their own or other children's things, stealing within or outside the home, and vandalizing property. Chart 15 shows that children in poor families are twice as likely to have scores within the top 10 per cent in terms of frequency of delinquent behaviours, compared to children in modest-income families, and they are nearly three times as likely to have high delinquency scores as children in high-income families.[22] There is almost a 10 percentage-point difference in the likelihood of exhibiting delinquent behaviours when children from low- and high-income families are compared.

Chart 15

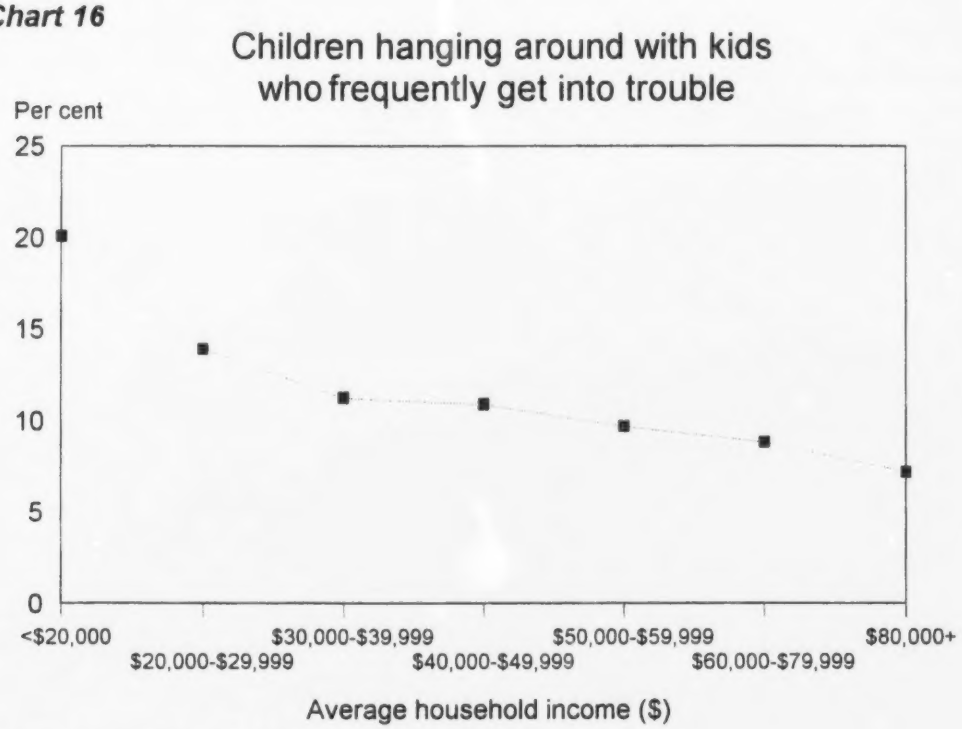


Note: Two-parent families with children aged 4 to 11 years.
Source: Prepared by the Canadian Council on Social Development using Statistics Canada's National Longitudinal Survey of Children and Youth, 1994-95 microdata.

Hanging around with children in trouble

Associating with others who frequently get into trouble can also lead to problem behaviours and negative consequences for children. In the NLSCY, parents were asked to respond to a simple question: "How often does your child hang around with kids you think are frequently in trouble?" Chart 16 shows the proportion of children whose parents thought that they "often" or "sometimes" hung around with other kids who were frequently in trouble. The chart shows that almost three times as many children from low-income families often or sometimes hang out with kids who are frequently in trouble, compared to children from high-income families.

Chart 16



Note: Two-parent families with children aged 8 to 11 years.

Source: Prepared by the Canadian Council on Social Development using Statistics Canada's National Longitudinal Survey of Children and Youth, 1994-95 microdata.

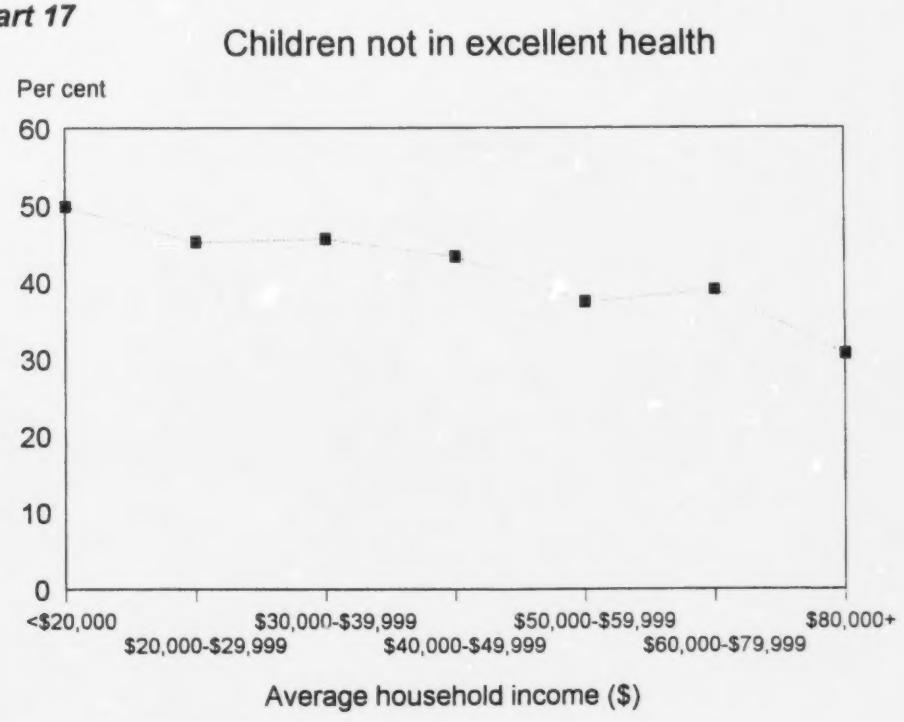
Health

To establish whether there is a link between family income and children's health, we report on the number of children in different family income categories who are considered by their parents to be in less than excellent health or to have problems with one or more of their senses or thinking abilities.

General health

In the NLSCY, parents were asked: "In general, how would you rate your child's health?" The responses were grouped into five categories, ranging from poor to excellent. Chart 17 concentrates on the minority of children reported as not in excellent health. When linked to income, the results show a continuously declining association between poorer levels of health and income. A far higher proportion of children from high-income families than children from low-income families were considered by their parents to be in excellent health. About half of children in low-income families are reported to be in less than excellent health, compared to less than one-third of children in high-income families.

Chart 17



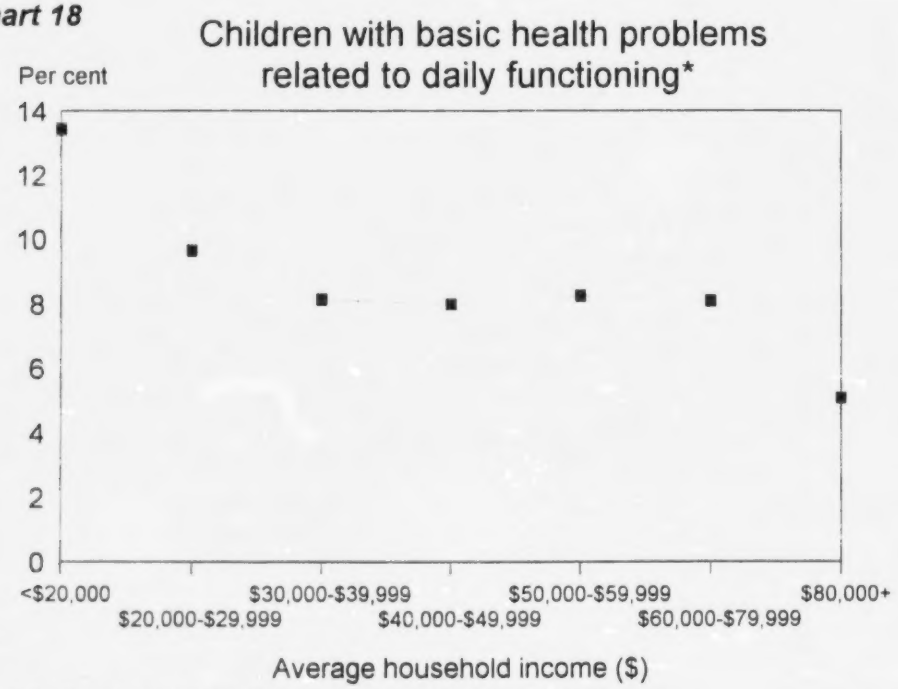
Note: Two-parent families with children aged 4 to 11 years.

Source: Prepared by the Canadian Council on Social Development using Statistics Canada's National Longitudinal Survey of Children and Youth, 1994-95 microdata.

Ability to function

Problems with childrens' senses or learning abilities indicate how their basic health affects their functioning. Known among academics as "functional health," measurement of these abilities combines the results of testing on children for eight basic attributes: vision, hearing, speech, mobility, dexterity, cognition, emotion, and pain and discomfort. As Chart 18 shows, evidence of these problems is far higher among children in low-income families than it is among children in high-income families. The rate of functional health problems among children drops steadily as family incomes rise to $40,000, then the rate levels off and drops again once family incomes rise above $80,000. Children in low-income families are over two and one-half times more likely to have low levels of functional health than children from high-income families.

Chart 18



* Statistics Canada terms this as "functional health" and bases it on eight attributes: vision, hearing, speech, mobility, dexterity, cognition, emotion, and pain and discomfort.

Note: Two-parent families with children aged 4 to 11 years.

Source: Prepared by the Canadian Council on Social Development using Statistics Canada's National Longitudinal Survey of Children and Youth, 1994-95 microdata.

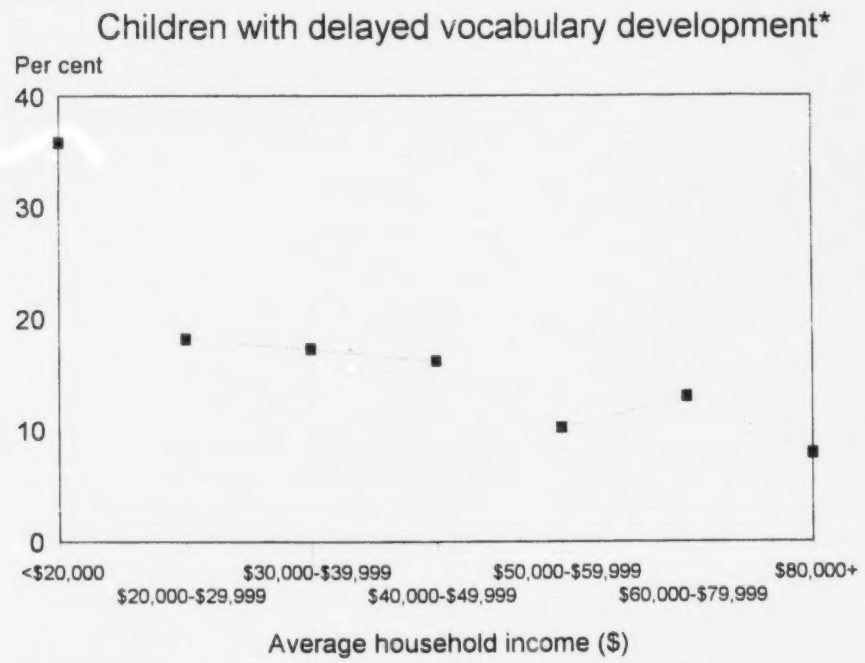
Learning Outcomes

This section illustrates the association between family income and how well children learn. It considers four learning-related outcomes: the vocabulary development of preschool-aged children, math scores, reading skills, and special education requirements among primary school students.

Vocabulary development

One of the most basic skills that children need in order to succeed in school is the ability to use language. By the time children start school, those who are unable to use language well enough to make themselves easily understood are less likely than other children to meet the learning requirements of their age group. As Chart 19 shows, delayed vocabulary development is far more prevalent among children in low-income families than it is among children in high-income families.[23] Only eight per cent of children from high-income families exhibited delayed vocabulary development, compared to more than one-third of children from low-income families. The rate of delayed vocabulary development declines rapidly up to family incomes of less than $30,000, then decreases more gradually until family incomes exceed $60,000.

Chart 19



* Note: Children scored less than 85 on the PPVT scale, 4- to 5-year-olds only, two-parent families.

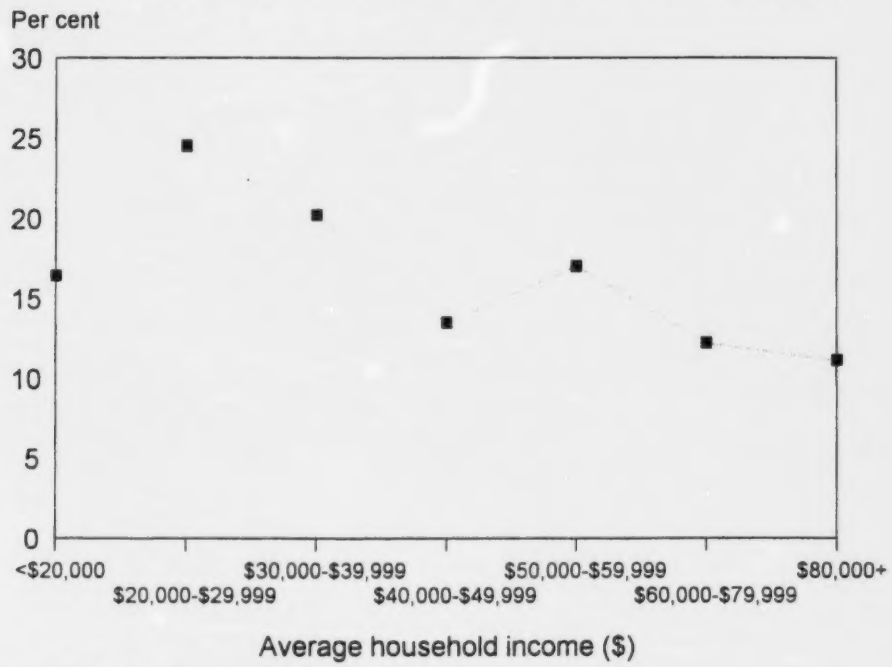
Source: Prepared by the Canadian Council on Social Development using Statistics Canada's National Longitudinal Survey of Children and Youth, 1994-95 microdata.

Math scores

Children's problems with math appear to decrease as family incomes rise. As shown in Chart 20, the proportion of children with low math scores (that is, scores in the bottom third) drops steadily as family incomes rise above $30,000. The two peaks seen in the chart, representing the number of children with math problems in families with incomes below $30,000 and in families with incomes around $50,000, are likely due to less reliable sample sizes collected during the NLSCY.[24]

Chart 20

Proportion of children with low math scores



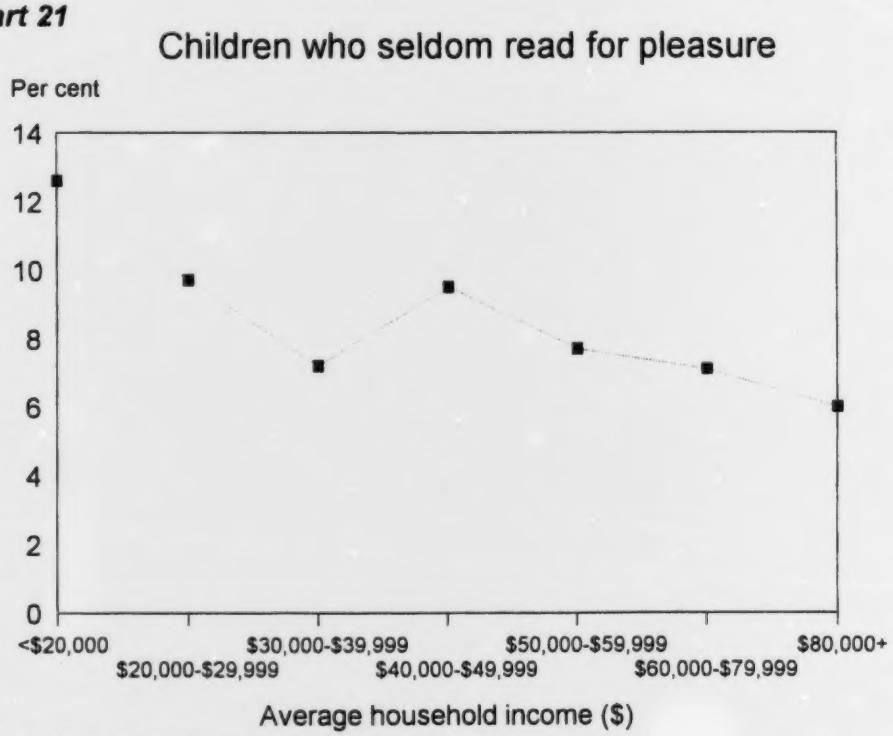
Note: Two-parent families with children aged 4 to 11 years.

Source: Prepared by the Canadian Council on Social Development using Statistics Canada's National Longitudinal Survey of Children and Youth, 1994-95 microdata.

Reading for pleasure

Children who read for pleasure are building important learning skills. Vocabulary development, spelling and the proper use of grammar are all accentuated through increased reading. As Chart 21 shows, twice the proportion of children in low-income families are infrequent readers compared to children in high-income families. More than 12 per cent of children in low-income families seldom read for pleasure, compared to six per cent of children in high-income families. The rate drops for household incomes below $40,000, then rises slightly and starts dropping again once household incomes exceed $50,000.

Chart 21



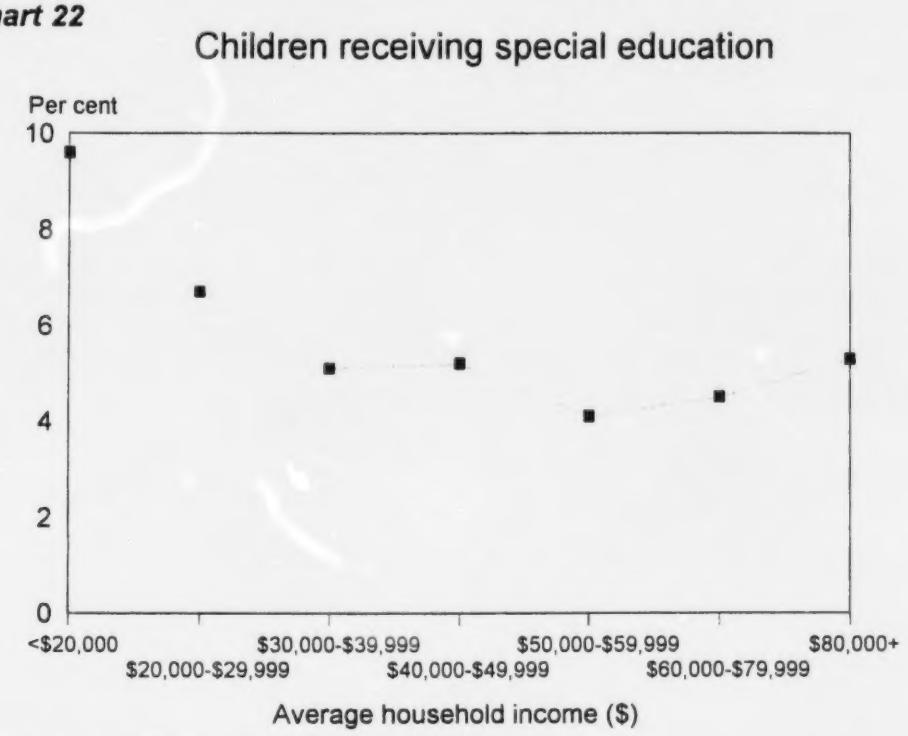
Note: Two-parent families with children aged 4 to 11 years.

Source: Prepared by the Canadian Council on Social Development using Statistics Canada's National Longitudinal Survey of Children and Youth, 1994-95 microdata.

Need for special education

Children who have learning problems that do not allow them to accomplish the standard school requirements without additional help need special education. Having special needs places the child at greater risk of falling behind in school, and in later years, at greater risk of dropping out before having completed high school. The NLSCY asked parents whether their child was receiving special education because a physical, emotional, behavioural or other problem limited the kind or amount of school work that their child could do. Parents were asked to respond with a simple 'Yes' or 'No.' Chart 22 indicates a clear association between family income levels and the proportion of children receiving special education. The number of children receiving special education drops sharply as family incomes rise from below $20,000 to $40,000, at which point the rate levels off. The likelihood of children from low-income families receiving special education is about twice that of children from middle- and high-income families.

Chart 22



Note: Two-parent families with children aged 4 to 11 years.
Source: Prepared by the Canadian Council on Social Development using Statistics Canada's National Longitudinal Survey of Children and Youth, 1994-95 microdata.

Cultural and Recreational Participation

This section looks at the relationship between family income and children's participation in cultural and recreational activities within their communities. It also compares participation rates for work and study among teens at different family income levels, in order to provide some indication of the proportion of teens who are neither in school nor employed.

Participating in sports, joining clubs or groups, and taking music, dance or art lessons are examples of ways in which young people can participate in their community, learn new skills, and socialize beyond their family boundaries. In addition to building healthy bodies and acquiring valuable skills, children's involvement in cultural and recreational activities can protect them from emotional and social problems. For example, children who participate in the arts are one-third less likely to have one or more social or emotional problems, compared to children who do not participate in such activities.[25]

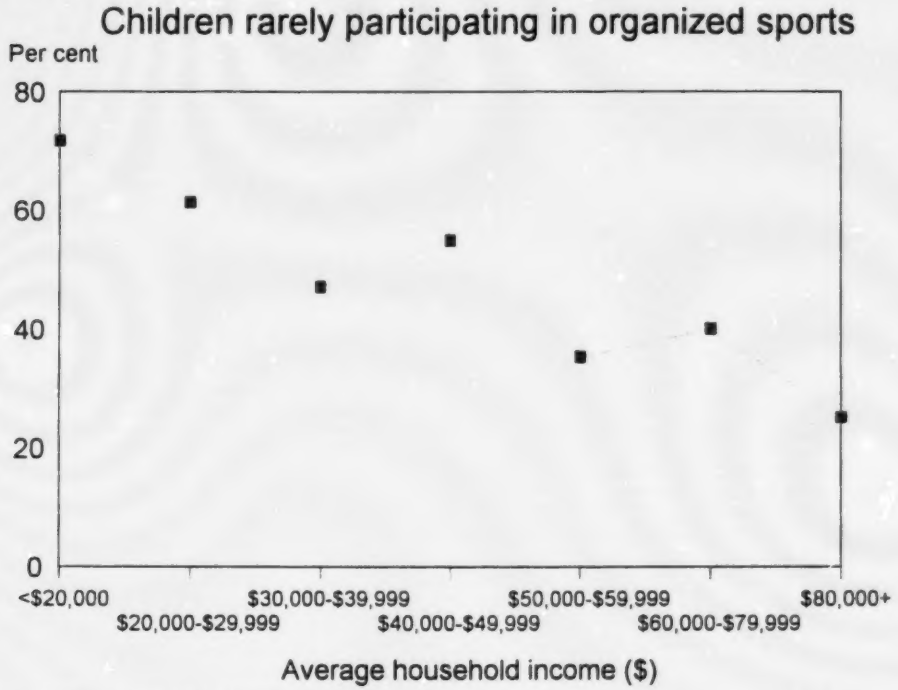
The extent to which children participate in community activities depends both on their family's resources and on the availability of good parks, playgrounds, arenas, swimming pools and community centres. Where these facilities are available in a community, the participation rate of children in related activities is higher than it is in communities where cultural and recreational amenities are lacking.

Organized sports

Beyond the obvious health benefits, organized sports also provide children with an opportunity to learn from coaches, instructors and mentors. Participating as a member of a team teaches children important leadership skills, instills self-confidence and improves social abilities such as sharing and co-operation. In the NLSCY, parents were asked how often their children participated in organized sporting activities, with responses ranging over five categories from "most days" to "almost never." The results presented in Chart 23 focus on those who "almost never" participate in organized sports.

The results indicate that children's participation in organized sports is related strongly to their family's income. About three-quarters of children in low-income families rarely participate in organized sports, compared to one-quarter of children in high-income families. The participation rate increases across the entire income range, but particularly for those with incomes above $40,000. Undoubtedly, the high cost of equipment, instruction, and facility fees that are required to participate in many sports acts as a strong deterrent to children in lower-income families.

Chart 23



Note: Two-parent families with children aged 4 to 11 years.

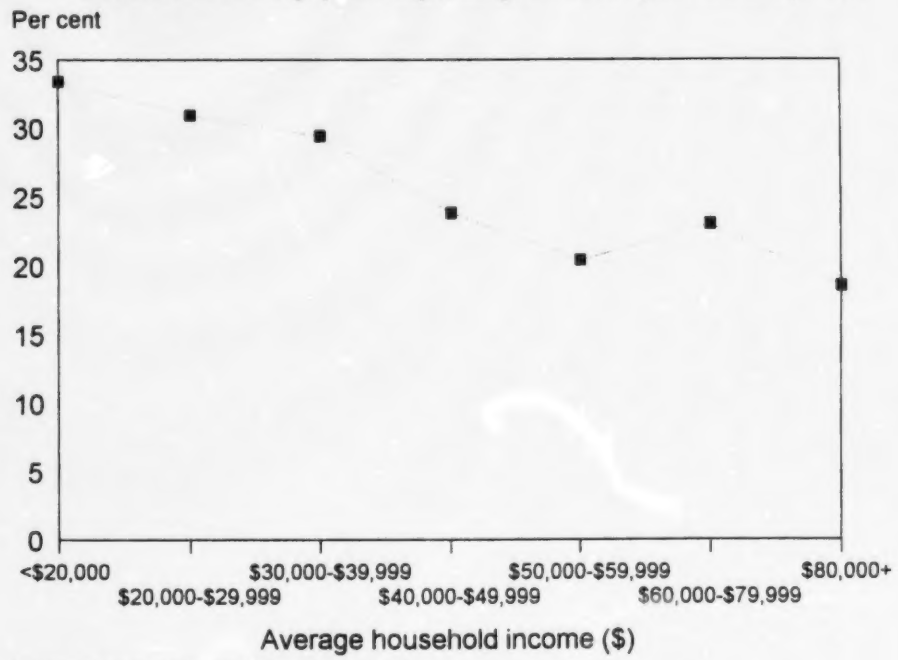
Source: Prepared by the Canadian Council on Social Development using Statistics Canada's National Longitudinal Survey of Children and Youth, 1994-95 microdata.

Unorganized sports

Participating in unorganized sports also contributes to children's good health and the acquisition of social and co-operative skills. Chart 24 reveals that compared to organized sports, the less costly participation in unorganized sports is higher at all income levels. However, children from low-income families are still less likely to participate in unorganized sports than are children in middle-income families. Compared to the results for organized sporting activities, the difference in the participation rates for children in low- and high-income families is lower.

Chart 24

Children rarely participating in unorganized sports



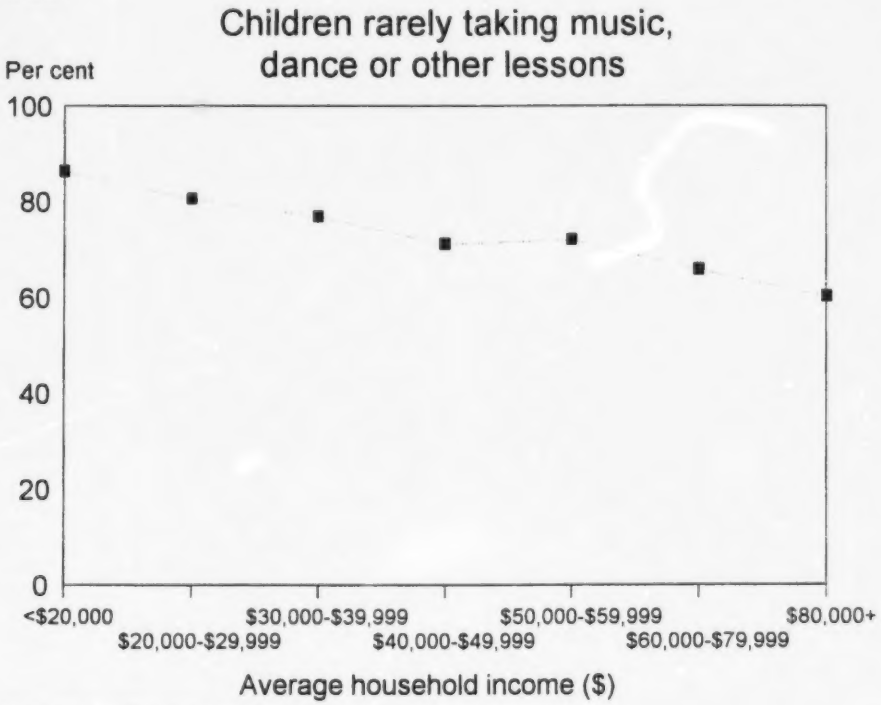
Note: Two-parent families with children aged 4 to 11 years.

Source: Prepared by the Canadian Council on Social Development using Statistics Canada's National Longitudinal Survey of Children and Youth, 1994-95 microdata.

Music, dance and art lessons

Taking instruction in these activities represents another form of extracurricular learning and skill development. The NLSCY survey asked parents how often their child engaged in music, dance or art lessons outside of school hours. Chart 25 illustrates the proportion of children who "almost never" engage in these lessons, and it shows that the vast majority of children from all income levels almost never participate in music, dance or art lessons outside of school. However, participation is linked to income, with a 26 percentage-point difference in participation rates between children from low- and high-income families. The cost of purchasing lessons, equipment, supplies and instruments favours those children from families with higher incomes.

Chart 25



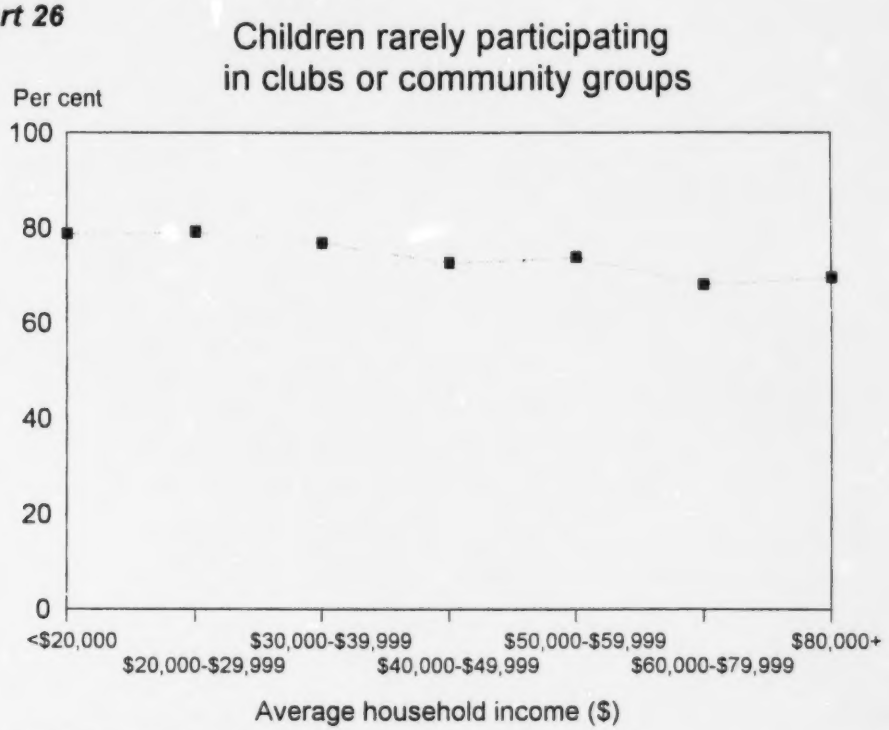
Note: Two-parent families with children aged 4 to 11 years.

Source: Prepared by the Canadian Council on Social Development using Statistics Canada's National Longitudinal Survey of Children and Youth, 1994-95 microdata.

Club, group and community program participation

The important and positive aspects for child development associated with these activities are the acquisition of social and other skills (depending on the nature of the program) through participation with other children and the learning acquired through the instruction and mentoring of group and club leaders. The NLSCY asked parents how often their child took part in club or group programs with qualified leaders outside of school hours. The results shown in Chart 26 include only those children who reportedly "almost never" participate in such group or club activities. While over two-thirds of children at all income levels almost never engage in club or group programs, the tendency is more pronounced among children from low-income families: about 80 per cent rarely participate in these community programs, compared to 71 per cent of children in high-income families.

Chart 26



Note: Two-parent families with children aged 4 to 11 years.

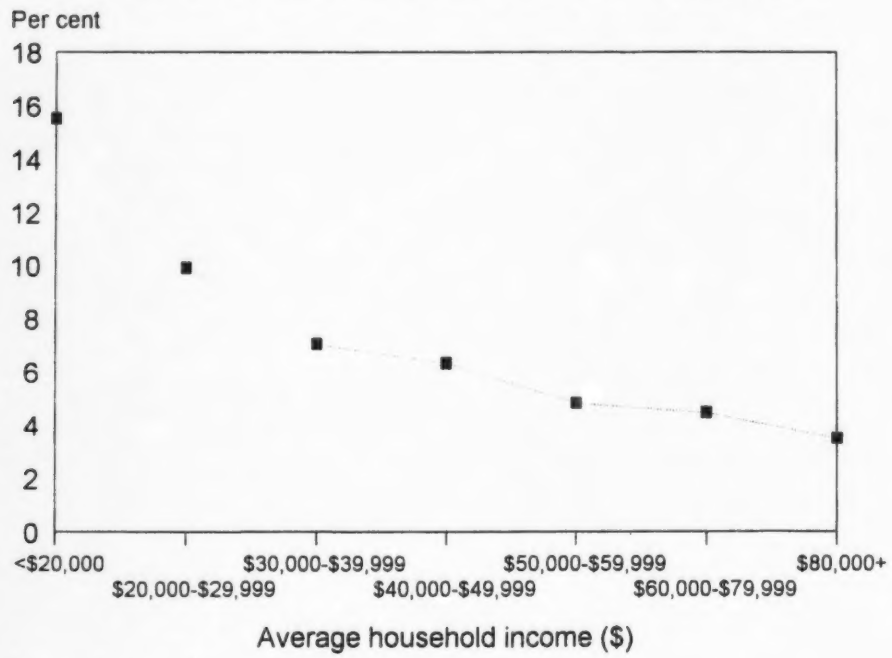
Source: Prepared by the Canadian Council on Social Development using Statistics Canada's National Longitudinal Survey of Children and Youth, 1994-95 microdata.

Teens neither employed nor in school

Between the ages of 16 and 19, teens in Canada are generally expected to be attending school or working, or both.[26] Some teens who are doing neither may be considered to be idle, and they are at a much higher risk than other teens of getting into trouble with the law, developing problem behaviours such as alcohol or drug addictions, and ending up poor as adults. It is therefore worrisome that about one in six teens from low-income families is neither employed nor in school, compared to only one teen in 25 from middle- and high-income families.

Chart 27

Older teens neither in school nor employed



Note: Two-parent families with children aged 16 to 19 years.

Source: Prepared by the Canadian Council on Social Development using microdata from Statistics Canada's Survey of Consumer Finances 1994 to 1997.

Part II: Linking poverty to child outcomes

THE RESEARCH PRESENTED IN PART I ADDS TO THE GROWING BODY OF EVIDENCE that as family incomes fall, the risks of poor developmental outcomes in children's health, behaviour, learning and socialization rise.[27] These findings raise several questions in relation to the current thinking and policy development around child poverty. First, there is much discussion and debate these days about the correct measurement of child poverty. But to what extent do any of the widely discussed measures of child poverty relate to the risks to child development that are posed by lower family incomes?

Second, what are the trends in the distribution of family incomes in Canada in recent years? How have these trends affected child outcomes? And finally, how should this knowledge we now possess about the interrelationship between family incomes and child outcomes be applied to the development of our public policies? As we found in Part I, family incomes alone do not determine children's opportunities. The provision of public services such as education and health, as well as supports for housing, neighbourhoods and communities also affect children's development. What combination of public policies offers the best opportunities for every child to develop to his or her full potential?

Part II of this report responds to each of these questions.

Measuring poverty

Each year, Statistics C[illegible]da releases figures on the number of people living below its low income cut-offs, referred to as L[illegible]Os. Social groups and the media interpret these as poverty numbers. Consequently, we see headlines as we have recently stating that 1.5 million children in Canada live in poverty. There is, however, growing criticism of this interpretation. Among other complaints, critics point out that Canada's poor children do not resemble those shown on TV who live in Third World countries. Staunch critics such as the Fraser Institute believe that only a tiny percentage of Canadian children live in poverty, since most have access to what the Fraser Institute considers to be life's basic necessities of food, clothing and shelter, but their definition of need includes only the barest basics.[28]

Where should the poverty line be set? This report shows that children who live in families with incomes below the LICO have poorer health, behaviour and learning outcomes, and they live in considerably worse family and neighbourhood conditions than children in families at higher income levels. This should be of concern in any discussions about the "proper" level of the poverty line. In Canada, poverty lines are used primarily to estimate the number of poor people, but they are rarely used as a goal for redistribution policies. For example, social assistance rates in all provinces fall well below the low income cut-offs. We believe that a poverty line should not only be used as a way to estimate the number of poor people, it should also be considered as a threshold, below which society will not tolerate income inequality.

Discussions about establishing the "correct" poverty line not only divert attention away from the plight of poor children and their families, but also away from a debate about the purpose of a poverty line, and of the need to set a floor on income inequality. Should a poverty line simply reflect the amount of money needed for the physical basics of survival? Or should the line be set at a level that enables people to be socially engaged in their society?

Among the major players in the current Canadian poverty line debate are the following:

- the Fraser Institute, which has suggested that the poverty line be set at the very lowest levels of income that would eliminate hunger and cold.

- Statistics Canada, which has established low income cut-offs (LICOs) that it considers as adequate to ensure that families are not living in "straitened circumstances."[29] (It should be noted that Statistics Canada does not call the LICOs poverty lines, but many groups use them for that purpose.)

- the CCSD, which for many years, has defined poverty as an unacceptable level of income inequality.[30]

There is also a relatively new attempt by government officials in Canada to set a poverty line by identifying an adequate "market basket" of necessities.[31] Using this approach, the poverty line would be set at the amount of money needed to purchase all of the items in the basket. The difficulty with this approach is determining exactly what constitutes life's necessities, for decisions about which items should be in the basket are entirely subjective and normative, since everyone has their own notions about what is "necessary."

Those proposing the market basket approach are also ignoring the ultimate question: What is the purpose of life's necessities? Should items only be considered as essential if they are needed to stave off cold and starvation? Or should items that are needed to promote social inclusion, or to prevent someone from living in "straitened circumstances," or to provide for healthy child development also be included? Only when we know the objective to be served by setting a floor on income inequality can we then define what is necessary in order to achieve that objective.

Poverty lines and children's development

This report considers the definition of poverty from the perspective of children. It attempts to define an unacceptable level of inequality among families – that is, one which fails to ensure roughly equal life chances for all children. By establishing an income level at which children experience "poverty of opportunity," the discussion can then turn to how best to change these circumstances so that children will have optimal chances of developing to their potential and becoming successful adults.

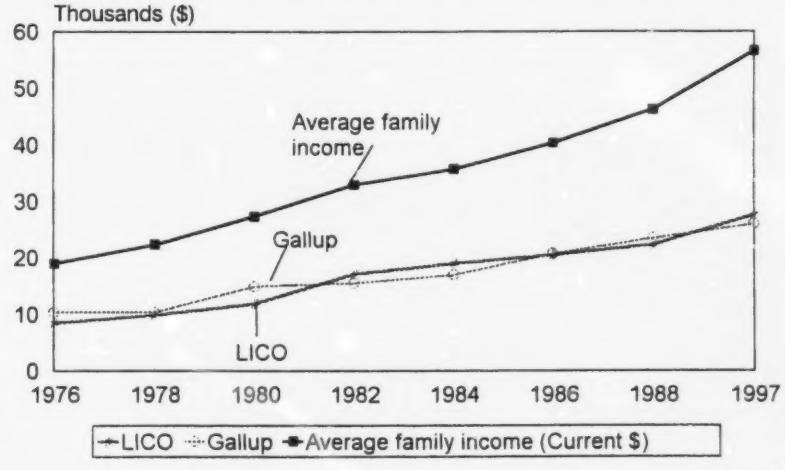
As our report demonstrates, the level of income that families need in order to maximize their children's chances of full development goes well beyond the amount needed for the basic provision of food, clothing and shelter.

As Part I shows, while the changes in child outcomes are not uniform as family incomes drop, for 80 per cent of the different variables examined, the risks to child outcomes and the likelihood of poor living conditions are noticeably higher for children in families with incomes below $30,000. This is also true for 50 per cent of the variables for children in families with incomes below $40,000. Children in families with incomes between $40,000 and $80,000 show less significant differences in outcome risks, but those in families with incomes of $80,000 or more are at noticeably less risk of poor outcomes than children in any other family income group.

With this information in mind, an appropriate child poverty line appears to lie within the $30,000 to $40,000 range for a family of four, because the risks of poor developmental outcomes and living conditions decline steeply as families approach these income levels. This level for a poverty line is above any of the others commonly suggested today. It is well above the line advocated by the Fraser Institute and somewhat higher than that indicated by Statistics Canada's LICO. It is also higher than the income amount the public has indicated it would set,[32] and it is well below the median income level. If healthier child development is considered to be an important objective of our society, it seems that at the very least, the LICO level is defensible as a minimum measure of poverty. As Chart 28 shows, the LICO is also close to the level that Canadians support, according to Gallup poll results.

Chart 28

Canadians' perceptions of poverty over time



Source: Prepared by the Canadian Council on Social Development using Statistics Canada's Low income cut-offs and Income Distributions by Size in Canada, and selected Gallup polls.

Recent trends in family income distribution

A review of trends over the past 24 years shows that income inequality has worsened among families with children (see chart 29). In 1973, the poorest quintile of families (that is, the poorest 20 per cent of families) earned only 5.3 per cent of all market income (that is, earnings from employment and private investments). By 1996, they received only 2.3 per cent of market income. The next poorest quintile of families also lost some of their share of market income – experiencing a drop from 13.5 to 11.1 per cent. Meanwhile, the top quintile of families saw their share of market income rise over the same period from 38.4 per cent to 43.2 per cent. After factoring in the redistributive effects of government taxes and transfers – such as welfare payments, unemployment insurance benefits and child benefits – the distribution of family income is somewhat improved, but it has become even more unequal over time. The two lowest or poorest quintiles continue to receive a vastly smaller share of total family income than does the top quintile.

The distribution of family incomes worsened in 1996 – the first year in which massive cuts in the federal government's health and social transfer payments and severe tightening of employment insurance eligibility and benefits came into effect. Reductions in the federal transfers, in turn, led to significant tightening and reduction of welfare payments in many provinces.[33] This worsening picture in 1996 may be a sign of even more inequality in future years.

The statistical evidence suggests that the capacity of many families to achieve incomes in the $30,000 to $40,000 range on their own is severely limited, and it is getting worse due to falling earnings and social benefits. The falling incomes are also being squeezed on the cost side, because there is a growing trend towards higher user fees for publicly subsidized services such as museums, recreational facilities and some forms of health care. Social housing construction has halted in most of the country, leaving a growing proportion of low-income families paying rents that amount to half, or more, of their monthly income. Even the universal – and once, virtually free – public education system is now the victim of user fees for an increasingly wide range of school supplies, activities, sporting equipment and special events.

On the earnings side, although the job market has been rebounding for some people, those with low levels of education and skills are still lagging behind in their employment and wages. Social benefits have also fallen relative to increases in the cost of living. Certain groups, most notably young and single parents, people with disabilities, and members of some ethnic groups face particular difficulties earning enough money to raise their incomes above the LICO.[34]

Chart 29: Income quintile approach, families with children under 18 years

Shares of market income

Market income quintile	1973	1981	1984	1986	1989	1990	1991	1992	1993	1994	1995	1996
Bottom	5.3%	5.0%	3.4%	3.8%	4.1%	3.5%	3.0%	2.9%	2.3%	2.4%	2.6%	2.3%
2nd	13.5%	13.4%	12.3%	12.5%	12.5%	12.1%	11.5%	11.7%	11.0%	11.3%	11.2%	11.1%
Middle	18.6%	18.7%	18.6%	18.6%	18.1%	18.5%	18.2%	18.5%	18.0%	18.3%	18.1%	18.2%
4th	24.2%	24.5%	24.8%	24.8%	24.3%	25.1%	25.1%	25.2%	25.6%	25.4%	25.3%	25.3%
Top	38.4%	38.3%	40.9%	40.3%	41.0%	40.8%	42.3%	41.8%	43.0%	42.7%	42.7%	43.2%

Shares of total income after transfers and income tax

Total income after tax quintile	1973	1981	1984	1986	1989	1990	1991	1992	1993	1994	1995	1996
Bottom	7.7%	7.8%	7.1%	7.5%	7.7%	7.5%	7.3%	7.2%	7.5%	7.3%	7.3%	6.9%
2nd	14.5%	14.5%	14.1%	14.1%	14.2%	14.1%	13.9%	14.1%	13.6%	13.8%	13.7%	13.5%
Middle	18.7%	18.8%	18.7%	18.6%	18.3%	18.6%	18.5%	18.8%	18.4%	18.6%	18.5%	18.5%
4th	23.8%	23.6%	23.7%	23.6%	23.3%	23.8%	23.7%	23.9%	23.9%	23.8%	23.8%	24.0%
Top	35.5%	35.3%	36.4%	36.1%	36.5%	35.9%	36.6%	36.0%	36.6%	36.5%	36.7%	37.0%

Source: Calculations by the Canadian Council on Social Development using microdata from Statistics Canada's Survey of Consumer Finances, various years.

Relating public policy development to family incomes

Having identified income levels that would enable families to provide reasonable opportunities for their children to develop, and having reviewed the disturbing trend towards more polarized income distribution in recent years, we are left to consider how public policy can best support the optimal development of children. While government transfers can help redistribute income to Canada's poorest children, and thereby improve child outcomes and living conditions, transfers alone are not sufficient.

Exactly what is required in order to improve a child's life chances will vary with each child and with each family's particular situation. However, our results show that low income is a common factor that influences outcomes, whatever the pathway. Obviously, poor access to recreational and cultural services, to adequate shelter, nutritious food, decent clothing and school supplies can be redressed partially through income transfers. But many of the factors in the home and neighbourhood environments that cause poor developmental outcomes – such as family dysfunction, poor parental health, low parental education, hanging out with troubled friends, alcohol abuse, and dangerous neighbourhoods – are the result of bad pre-existing conditions that will require support and assistance beyond income transfers. Children who are abused or neglected in their homes require, first and foremost, the well-funded services of a good child welfare system. Young children of working-poor mothers need quality subsidised child care services.

It should also be stressed that when it is money that counts, and where there is a requirement for increased family incomes, transfers are not the only anti-poverty strategy that can be adopted. Ideally, in addressing cases of low income, increased transfers should be accompanied by attempts to increase the economic self-reliance of families. This can be accomplished by providing educational and training opportunities, housing assistance, child care, workplace assistance to people with disabilities, job flexibility, and more flexible and family-friendly workplaces. The persistence of high levels of unemployment in some regions may require community supported job creation initiatives. By positively and pro-actively supporting families to generate more earnings, these measures will reduce the need for pure income transfers.

Conclusion

WHAT THE DATA IN OUR RESEARCH POINT TO STRONGLY is that child outcomes and living conditions are associated with a family's income level, and that any decision we make about where we will set the line on income inequality is going to have an impact on the level of risk that our children face. Consequently, the next time we see a headline stating that "1.5 million children live below the LICO," we can recognize it as meaning that substantial "poverty of opportunity" exists in Canada and that our concerns about child poverty are indeed justified.

It must become an important public priority and a collective endeavour to better equalize the opportunities for Canada's children to succeed. The result of such a collective endeavour will be a prosperous society in which our social, economic, and criminal justice costs are minimized, and our productivity, tax revenues, social cohesion, and civility are maximized.

Technical Notes

Almost all the data used in our 27 charts are drawn from the 1994 cycles of the NLSCY and the NPHS. When this was not the case, it was noted. Responses to these two surveys were in one of three forms. In a few instances, responses were simply a 'Yes' or 'No.' In others, respondents were asked to choose from among several categories; for example, "How often does your child exhibit certain feelings? Never, Seldom, Often, or Always?" In the remainder of cases, responses were presented in the form of scales which combined separate answers to a series of related questions into single scores. For any of the three reporting categories, the responses were then assigned to a child or family, which allowed an association to be made with a family income level.

It is also necessary to clarify what we chose as summary measures to represent the 27 variables that are linked with income. Regardless of the response category, we concentrated on the proportion of children with the "poorest scores" – that is, the scores considered to be the least desirable from the standpoint of good child development – for each outcome or living condition. We then assigned them to one of seven broad income groups. For example, behavioural scores most often follow a broad distribution from top to bottom; however, we have concentrated only on those children (and their families) whose scores fell into the bottom part of the distribution.

How did we select the "poorest" scores? In situations where there was only a yes or no answer, we selected those children whose parents provided a negative response. Where multiple choice or scaled responses created a distribution of scores, we selected a cut-off. Two points about these cut-offs are worth noting. First, they do not necessarily have diagnostic or clinical significance – they simply represent the poorest scores that the sample allows us to focus on. For example, the children we selected as "highly hyperactive" would not necessarily all be diagnosed as hyperactive, but they did have the poorest scores on the hyperactivity scale compared to other children. For the statistical purposes of our report, that is all we need to know, since we are not trying to identify these children for treatment.

Second, the cut-offs vary as a result of the limits imposed by the particular distribution and sample size for each outcome and living condition. We could have selected a constant, and arbitrary, cut-off – such as the bottom third – but we opted instead to get the "poorest" scores possible for each factor. In most cases, scores are drawn from the bottom 10 or 20 per cent of the distribution of all responses. By choosing the poorest outcomes possible, we increase the likelihood that the outcomes or conditions are restrictive and special, and in the case of behavioural outcomes, we increase the likelihood that they more closely approximate a clinical diagnosis.

It is important to note that our report is restricted to an examination of two-parent families. (The authors have provided an extensive examination of child outcomes in lone-parent families elsewhere.[35]) Lone-parent families were excluded for one simple reason: the vast majority of lone-parent families have low incomes, a fact that would have skewed the results presented here. The graphic analysis would thus have been open to misinterpretation, since movement along the

bottom axis would have represented not only income changes, but changes in family type as well, and results at the low end of the income scales would represent not only low-income families, but would disproportionately represent lone-parent families. The reverse would hold at higher income levels. Since the graphs are meant to visually depict the relationship between income (not family type) and child outcomes, it was necessary to "standardize" as much as possible the family types under study. Since over 80 per cent of children live in two-parent families, we chose this family type for our analysis.

It should also be noted that the definition of income used in the charts and accompanying discussion is *gross* income. Gross income includes earnings, investment income, miscellaneous income (such as child support payments, scholarships, private disability benefits, and so on) and government transfers, before any taxes are deducted. Due to the restricted level of information available on the public release micro-database for the NLSCY, we have had to use income ranges, rather than individual family incomes in our charts. This means that in the charts, all incomes in the $20,000 to $29,999 range, for example, are "centred" at one point. Unfortunately, this gives the impression that the point represents a distinct income level, when in fact it represents that income range. It also means that we frequently obtain rather sharp "breaks" in the lines at these centres, rather than the smooth line that would result from using continuous individual incomes. For simplicity of presentation in the textual discussion, we refer to income ranges by the uppermost dollar figure. Thus, for example, the range $20,000 to $29,999 is variously referred to as income "up to," 'below" or "exceeding" the $30,000 level.

As an interpretive aid to reading the charts, four reference points are provided below: i) median family income; ii) Statistics Canada's LICOs; iii) the results of polling by the Gallup organization; and iv) the Fraser Institute's poverty line.

i) The median income in 1994 for families with children aged 4 to 11 years falls between $50,000 and $60,000. This reference point means that 50 per cent of the families are above this income level, and 50 per cent are below it.

ii) Statistics Canada's LICOs vary for different family sizes and by the size of the community. For a family of four, the 1994 LICOs range from $21,500 for families of four living in rural areas, to $31,000 for families in the largest urban areas where the population exceeds 500,000. If a population-weighted LICO were selected for a family of four (in effect, a national average), it would represent a family living in a large urban community of 100,000 to 499,000 people. This amount would equal $26,600.

iii) Since 1967, the Gallup public opinion polling organization has occasionally asked the following question: "Generally speaking, what do you think is the least amount of money a family of four needs each week to get along in this community?"

In each of the 18 years since this question was first asked, the median response has very closely followed the corresponding LICO (see Chart 28). The question was not asked in 1994, but interpolating between the two nearest years, we estimate a value for 1994 equal to an annual income of $25,200.

iv) The Fraser Institute lines are more idiosyncratic, as they vary geographically according to the local cost of essentials. However, for 1994 they have estimated a national poverty line for a family of four equal to $15,900.

For each of the above poverty measures, as well as the median family income figure, we have selected the value that represents a family of four, since this is the actual median figure for family size represented in the charts, consisting of two adults and two children.

In assessing the importance of this information, the totality of the result is of overriding concern. Each of the 27 factors is interesting and informative in its own right. What is most important, however, is the confirmation of a persistent and pervasive association between family income and child development outcomes and living conditions. All of these results cannot be a statistical accident, nor can the level of family income be considered to be an unimportant factor influencing the opportunities for healthy child development.

Appendix: These numbers support Charts 1 through 27. Please refer to the charts for complete source information and details concerning the ages and indicators used.

Chart number	Indicator	<$20,000	$20,000-$29,999	$30,000-$39,999	$40,000-$49,999	$50,000-$59,999	$60,000-$79,999	$80,000+
1	Family functioning	25.2%	21.1%	17.7%	15.7%	18.1%	12.4%	12.1%
2	Parental depression	22.4%	16.8%	13.2%	10.7%	13.4%	9.8%	6.2%
3	Childhood trauma	15.3%	13.4%	9.4%	9.2%	8.4%	6.2%	7.6%
4	Chronic stress	12.6%	9.8%	7.6%	4.4%	5.4%	5.0%	3.1%
5	Adult smokers	49.2%	44.2%	43.6%	37.4%	35.4%	30.7%	28.8%
6	Changing schools	28.7%	17.2%*	19.2%	23.0%	16.9%	15.1%	11.8%*
7	Poor housing	34.1%	28.7%	28.7%	26.7%	20.5%	18.9%	14.4%
8	Home computers	68.3%	65.3%	64.4%	59.7%	56.7%	44.4%	32.6%
9	Problem neighbourhoods	26.2%	20.8%	17.0%	14.4%	12.7%	14.6%	11.1%
10	Unsafe neighbourhoods	15.1%	10.6%	5.4%	8.3%	4.2%*	8.2%	5.2%
11	Unfriendly neighbours	23.9%	17.9%	15.2%	16.2%	8.0%	8.9%	8.3%
12	Aggression	37.9%	26.4%	28.4%	27.5%	29.2%	27.3%	24.6%
13	Anxiety	12.1%	7.0%*	6.8%	7.6%	6.0%	8.7%	6.9%
14	Hyperactivity	19.5%	15.0%	12.9%	13.4%	14.2%	13.6%	11.7%
15	Delinquent behaviours	15.6%	10.7%	7.9%	8.9%	7.6%	5.6%	6.0%
16	Friends in trouble	20.1%*	13.9%*	11.2%	10.9%	9.7%	8.8%	7.2%
17	Health status	49.8%	45.2%	45.6%	43.3%	37.4%	39.0%	30.7%
18	Health problems	13.4%	9.6%	8.1%	8.0%	8.3%	8.1%	5.1%
19	Vocabulary development	35.9%	18.2%	17.3%	16.2%	10.2%	13.0%	7.9%**
20	Math scores	16.4%*	24.5%*	20.2%	13.5%	17.0%	12.2%	11.1%
21	Reading	12.6%	9.7%	7.2%	9.5%	7.7%	7.1%	6.0%
22	Special education	9.6%*	6.7%*	5.1%	5.2%	4.1%*	4.5%	5.3%
23	Organized sports	71.7%	61.4%	47.1%	54.9%	35.2%	40.0%	25.2%
24	Unorganized sports	33.4%	30.9%	29.4%	23.8%	20.4%	23.0%	18.5%
25	Music, dance or art lessons	86.3%	80.6%	76.9%	71.2%	72.1%	65.8%	60.2%
26	Community participation	78.7%	79.1%	76.8%	72.6%	73.8%	68.0%	69.6%
27	"Idle" teens	15.5%	9.9%	7.1%	6.3%	4.8%	4.5%	3.5%

* Figures are marginal under Statistics Canada's Release Guidelines – estimate less reliable due to small sample size.

** This figure does not meet Statistics Canada's quality standards and is therefore unreliable.

Endnotes

1. Both surveys are conducted by Statistics Canada. The NLSCY is sponsored by Human Resources Development Canada, and the NPHS is sponsored by Health Canada. Data from these surveys became available for analysis in 1995.

2. The Canadian Council on Social Development has been using these surveys since 1996 as the basis for its comprehensive annual report on child well-being called *The Progress of Canada's Children*.

3. The most vocal proponent of a much lower measure of poverty than the commonly accepted Statistics Canada low income cut-off is Christopher Sarlo of the Fraser Institute, whose writing has appeared in many Canadian newspapers over the past three years. The most vocal proponents of using the LICO or an even higher measure of poverty are the CCSD, the Campaign 2000 coalition, and the National Anti-Poverty Organization.

4. Does statistical correlation imply causation? The constant struggle over the meaning and value of statistical interpretations arises in every statistical analysis that links one factor with another. We do not uncritically accept that the statistical linkages with income demonstrated below necessarily imply causation and we also reject hypercritical responses which suggest that statistical linkages mean nothing. Two variables moving together in a constant pattern do not necessarily prove that one is causing the movement in the other. It may simply be a rare coincidence, or that one variable is co-related with another, unmeasured variable that provides the real causal link. For example, many factors are co-related with income, such as education level, family type, region, occupation, and so on. These and other variables interact to create poor developmental opportunities and poor outcomes. Whatever the leading cause of poor developmental outcomes – if ever one could be isolated – income is a reliable marker for some of the higher-risk trouble spots in the child development landscape.

5. The National Longitudinal Survey of Children and Youth (NLSCY), developed by Statistics Canada and Human Resources Development Canada, collects information on approximately 23,700 children (from newborns to 11 years of age). Since 1994, the NLSCY has surveyed these children every two years and will continue to do so until they reach adulthood. In the first cycle of the survey, the child's primary caregiver and teacher were asked to provide information, as were children themselves aged 10 and 11. The NLSCY includes a broad range of family, household, and community characteristics that affect child development. The National Population Health Survey (NPHS), conducted by Statistics Canada, collects information related to the health of the Canadian population. A cross-section of information is obtained by surveying all members of the survey households (58,000 individuals). To collect longitudinal information, one respondent per household, aged 12 years or older, is surveyed (18,000 individuals). Data are collected every two years, starting in 1994.

6. Paul Steinhauer, "Developing resiliency in children from disadvantaged populations," in *Determinants of Health: Children and Youth* (Ottawa: National Forum on Health, 1998, pp. 47-

102); Clyde Hertzman and M. Wiens, "Child development and long-term outcomes: A population health perspective and summary of successful interventions," in *Social Science and Medicine*, 1996, 43(7), pp. 1083-1095; and National Crime Prevention Council of Canada, *The Determinants of Health and Children* (Ottawa: NCPC, 1996).

7. S. B. Campbell, "Behaviour problems in preschool children: A review of recent research," in *Journal of Child Psychology and Psychiatry and Allied Disciplines*, 1995, 36: pp.113-149; P. Jaffe, D. Wolfe, S. Wilson and L. Zak, "Similarities in behavioural and social maladjustment among child victims and witnesses to family violence," in *American Journal of Orthopsychiatry*, 1986, 56: pp. 142-146; Dan Offord et al, "Ontario Child Health Study," in *Archives of General Psychiatry*, 1987, 44: pp. 832-836.

8. G. Browne et al, "Resilience and vulnerability in mothers: Prevalence, correlates and expenditures," in *Working Paper 95-2,* System-Linked Research Unit, Health and Social Services Utilization, McMaster University, 1995, Government of Ontario, Premier's Council on Health, Well-Being and Social Justice, *Ontario Health Survey: Mental Health Supplement* (Toronto: Premier's Council, 1994).

9. The NLSCY provides information on the mental health of the parent who is responsible for answering the survey, which in over 90 per cent of the cases is the child's mother. No information is collected on the mental health of other family adults. Scores for parental depression were derived by combining the responses to 12 questions regarding the frequency of such occurrences as poor appetite, inability to shake the blues, lack of concentration, restless sleep, hopelessness about the future, loneliness, and crying. To link with family income, we selected the proportion of children living with a parent who scored in the top 15 per cent of the distribution, that is, whose score is associated with a very high tendency towards depression. While this 15 per cent cut-off does not necessarily have clinical significance, it is very restrictive and it indicates that these parents (mostly mothers) are very frequently battling signs of depression.

10. D. A. Wolfe, "Prevention of child abuse and neglect," in *Determinants of Health: Children and Youth* (Ottawa: National Forum on Health, 1998, pp.104-131), M. Main and R. Goldwyn, "Predicting rejection of her infant from mother's representation of her own experience," in the *Journal of Abuse and Neglect*, 1984, 8: pp. 203-17; National Crime Prevention Council, *Preventing Crime by Investing in Families* (Ottawa: NCPC, 1996).

11. The statistics on this condition are drawn from the NPHS, in which adult parents recalled stressful or traumatic events in their childhood. Stressful experiences included such things as a spell of two weeks or more in a hospital, their parents' divorce, problem drinking or drug use by their parents, physical abuse, or being sent away from home for doing something wrong. Even though the vast majority of parents surveyed indicated that they had not suffered any traumatic events in their childhood, we selected a relatively high cut-off of three or more events for our examination. We then linked the proportion of adults above these cut-offs with their household income.

12. C. Giunta, "Risk factors for emotional/behavioural problems in young adolescents: A protective analysis of adolescent and parental stress and symptoms," in the *Journal of Consulting and Clinical Psychology*, 1989, 57(6), pp. 732-740.

13. Health Canada, *Passive Smoking: Nowhere to Hide* (Ottawa, Health Canada, 1998).

14. D. Kohen, C. Hertzman and M. Wiens, "Environmental Changes and Children's Competencies," a paper prepared for "Investing in Children: A National Research Conference" sponsored by Human Resources Development Canada, 1998.

15. Ibid.

16. Substandard housing is defined here as having major problems such as poor plumbing, inefficient and unsafe electrical and heating systems, sagging floors, bulging and damp walls, crumbling foundations, broken light fixtures, broken windows, and cracks in walls and ceilings. This definition is based on questions in the NLSCY.

17. N. Chaudhuri, "Child health, poverty and the environment," in the *Canadian Journal of Public Health*, Vol. 89, Supplement 1, 1998.

18. Paul Steinhauer, "Developing resiliency in children from disadvantaged populations," in *Determinants of Health: Children and Youth* (Ottawa: National Forum on Health, 1998); Dan Offord, "Correlates of emotional disorder from a community survey," in the *Canadian Journal of Psychiatry*, 1990, 35(5), pp. 419-425; and Dafna Kohen, Clyde Hertzman and Jeanne Brooks-Gunn, *Neighbourhood Influences on Children's School Readiness*, a paper prepared for "Investing in Children: A National Research Conference" sponsored by Human Resources Development Canada, 1998.

19. In this case, a high level of aggression indicates a child with a score in the top third of the distribution, that is, a child who more frequently engages in the type of aggressive actions described in the text.

20. Chart 13 presents the proportion of children with scores in the top 10 per cent of the distribution, that is, children exhibiting the most frequent symptoms of emotional-disorder anxiety.

21. These scores do not necessarily have diagnostic or clinical significance, they simply represent the poorest scores that our sample allows us to focus on. For example, the children we selected as "highly hyperactive" would not necessarily all be diagnosed as hyperactive, but they do have the poorest scores on the hyperactivity scale compared to other children.

22. For this study, children scoring in the top 10 per cent are understood to have been involved in at least three delinquent behaviours.

23. In the NLSCY, children aged 4 and 5 were administered the Peabody Picture and Vocabulary Test (PPVT) which is designed to estimate a child's receptive or passive vocabulary development (children associate spoken words with pictures). Childrens' scores on this standardised test were assigned to three categories of development: delayed, normal and advanced. The chart shows only the proportion of children exhibiting delayed development

24. It should be noted that only about 50 per cent of school-age children in the NLSCY ended up being administered the math test. This was not a design feature, but rather an unfortunate result of the school questionnaire process. The smaller and less reliable sample size may explain the somewhat erratic nature of the results shown in this chart.

25. M. Boyle and E. Lipman, *Do Places Matter?;* D. Offord, E. Lipman and E. Duku, *Which Children Don't Participate in Sports, the Arts, and Community Programs?* Both papers were prepared for the workshop, "Investing in Children: A National Research Conference " sponsored by Human Resources Development Canada, 1998.

26. As reported in *Youth at Work in Canada* (CCSD, 1999), the likelihood of youth aged 15 to 19 never having held a job is also strongly linked to the level of family income.

27. In Canada, the widely publicized work associated with Dr. Fraser Mustard, founder of the Canadian Institute for Advanced Research, Dr. Dan Offord, Director of the Centre for Studies of Children at Risk at McMaster University, and Dr. Paul Steinhauer, Chair of the Sparrow Lake Children's Alliance and Voices for Children has helped raise awareness of the connections between income and child development. Research funded by the Laidlaw Foundation through its Children at Risk Program and funding by Human Resources Development Canada of the extensive research in the NLSCY have also been major forces in creating wider public understanding of the factors that influence child development. Publications that provide evidence of the links between income and child development outcomes in the Canadian context include the following: *Growing Up In Canada* (Ottawa: HRDC, 1996); *The Determinants of Health and Children* (Ottawa: National Crime Prevention Council, 1996); *The Health of Canada's Children,* 2nd Edition (Ottawa: Canadian Institute of Child Health, 1994); *Our Promise to Children,* edited by Kathleen Guy, (Ottawa: Canadian Institute of Child Health, 1997). New sources of information are contained in many of the papers prepared for the HRDC conference, "Investing in Children: A National Research Conference " that was held in Ottawa in 1998.

28. *Poverty in Canada,* 2nd Edition, by Christopher Sarlo (Vancouver: Fraser Institute, 1996).

29. See a detailed account by one of the LICO pioneers, Jenny Podoluk, in *Incomes of Canadians* (Ottawa: Statistics Canada, 1968). Where did Statistics Canada's LICOs come from as a measure of poverty? The basis for the first LICO was a 1959 expenditure survey. When this measure was being developed, the method was much easier to defend, given the generally low level of postwar incomes and the high proportion of income that all families were required to spend on basic survival. A poor family was defined as one that had to spend more than 70 per cent of its income

on the basics. This left very little money available for expenditures on other, non-survival items – a situation that probably resonated with a largely rural generation who had survived the Depression and six years of war, but the growing expenditure demands of an industrialized and increasingly urban society, with its attendant costs, had not yet been factored in. As a result, the initial LICOs more closely resembled an *absolute* measure of poverty.

As real incomes have risen over the years, continuing to use the proportion of expenditures spent on the basics of food, clothing and shelter is no longer a particularly compelling basis for defining or measuring poverty. Today, a "poor" family is required to spend over 50% of its income on survival needs; the 50% "left over" for other expenditures theoretically allows these families to maintain a living standard in some fixed relationship to the average standard of living in their community. As a result, LICOs are now seen as a *relative* measure of poverty, which bothers critics who believe that LICOs should provide for only physical survival.

However, while the method used to determine LICOs may not be as compelling today as it was in the 1950s and 1960s, the CCSD continues to support LICOs because the income levels identified closely resemble income levels that opinion polls show are supported by the majority of Canadians. And ultimately, where we set LICOs is a political decision based on how much inequality Canadians are willing to accept. Therefore, while it may be difficult to defend the statistical procedure used by Statistics Canada, it is not so difficult to defend the income levels defined by the LICOs. Unlike the Fraser Institute's seemingly "one calorie above starvation" method, LICOs define income levels that do not tolerate an excessive or punishing level of inequality.

30. For the development of this approach, see *Not Enough: The Meaning and Measurement of Poverty in Canada* (Ottawa: CCSD, 1984).

31. In addition to the Fraser Institute's ongoing attempts at a market basket approach, federal, provincial and territorial government researchers are developing a Market Basket Measure. See *Applied Research Bulletin*, Summer-Fall, 1998, produced by Human Resources Development Canada (Ottawa: HRDC, pp. 1-4). When compared to the LICO results, the Market Basket Measure would have resulted in a reduction in the rate of poverty in 1996, from 17 per cent to 12 per cent. The National Council of Welfare has also engaged in this debate with its report, *A New Poverty Line: Yes, No or Maybe?* (Ottawa: NCW, 1999).

32. Since 1967, the Gallup public opinion polling organization has occasionally asked the following question: *"Generally speaking, what do you think is the least amount of money a family of four needs each week to get along in this community?"* In each of the 18 years since this question was asked, the median response has very closely tracked the corresponding LICO (see Chart 28). The question was not asked in 1994, but interpolating between the two nearest years, we estimate a value for 1994 equal to an annual income of $25,200.

33. It is true that the federal government has expanded and renovated the former Child Tax Credit by introducing the National Child Benefit which provides a net gain to some low-income families. However, the increases to date have brought low-income families back to roughly where they were 10 years ago, because the child benefit – old and new – is not fully indexed to inflation. Moreover, families on social assistance have been denied any net income gain from the National Child Benefit because an equal amount of their social assistance cheque is "clawed back" in all but two provinces.

34. See new data in Statistics Canada's Survey of Labour and Income Dynamics, published in *The Daily*, released on Friday, March 26, 1999.

35. David P. Ross, Paul Roberts and Katherine Scott, "Variability of Outcomes in Lone-parent Children," and "Mediating Factors Among Children in Lone-parent Families," workshop papers prepared for "Investing in Children: A National Research Conference" sponsored by Human Resources Development Canada, 1998.

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David P. Ross is Executive Director of the Canadian Council on Social Development (CCSD) and Paul Roberts is a Research Associate at the CCSD.

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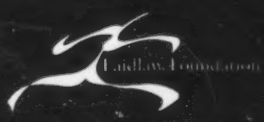

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The CCSD gratefully acknowledges the financial support of the **Laidlaw Foundation** in producing *Income and Child Well-being*.